

VISION with
COMMITMENT

20

YEAR ANNIVERSARY



METROPOLITAN WASHINGTON
AIRPORTS AUTHORITY

07

ANNUAL REPORT





VISION with
COMMITMENT





VISION with
COMMITMENT



VISION enables us to see what the future could be.



VISION with
COMMITMENT





COMMITMENT empowers us to make it so.

On behalf of the Board of Directors, I am pleased to welcome you to the 2007 Annual Report of the Metropolitan Washington Airports Authority.

2007 was a remarkably successful year for the Airports Authority and for air service in the Nation's Capital:

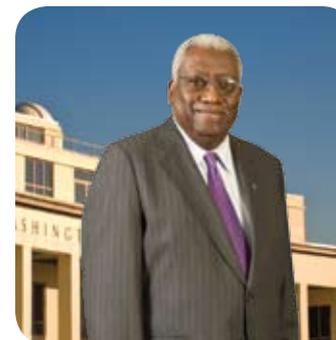
- Reagan Washington National (Reagan National) and Washington Dulles International (Washington Dulles) Airports served over 43 million passengers, 1.9 million more than in 2006;
- Washington Dulles set a new record for international passengers, with close to 6 million passengers served, an increase of 14% over 2006;
- Four new foreign airlines began service at Washington Dulles, and seven new nonstop international destinations were added: Beijing, Doha, Dublin, Madrid, Panama City, Rio de Janeiro and Rome;
- The Airports Authority's financial condition remained solid, as demonstrated by a \$530 million bond issue which brought about the lowest true interest cost in the Airports Authority's history; and
- More than 5 million hours of labor and over \$664 million were expended on capital improvement projects at Reagan National and Washington Dulles Airports in 2007, with substantial progress being made at Washington Dulles on the construction of a fourth runway to be opened in late 2008 and the AeroTrain, an underground people mover system, that will begin service in late 2009.

These and other successes in 2007 reflect the major strengths of the Airports Authority: an extraordinarily competent management team and workforce; an engaged Board of Directors; strong core financials; and a location in one of the strongest economic regions in the country.

But serious challenges to the Airports, as well as the nation's aviation industry, are on the horizon. As I write, the price of oil has topped \$110 a barrel, pushing jet fuel prices to an all-time high. The national economy continues to suffer from the effects of the subprime mortgage crisis. And even the Washington, D.C. regional economy, which for years appeared largely immune to downturns in the national economy, is showing signs of reduced growth.

While difficult times may lie ahead, I have no question that the Airports Authority is up to the challenges they will present. Our commitment to customer service, our first-class facilities and our strong relationship with our partner airlines, along with our talented management team and workforce, not only will see us through whatever difficulties arise in 2008, but will ensure that we emerge from these times in a stronger and better condition than ever.

I hope that you will enjoy the 2007 Annual Report.



A handwritten signature in black ink, appearing to read 'H.R. Crawford'.

The Honorable H.R. Crawford
Chairman



When the Metropolitan Washington Airports Authority was created in 1987, Washington's two Airports were not meeting the needs of the Greater Washington region.

In service since 1941, Washington National (now Reagan National) was an outdated facility operating with a patchwork of building additions and temporary structures. Washington Dulles, opened in 1962, was behind the industry in realizing its full potential of regional, national and international air service.

Over the past 20 years, the Airports Authority has invested billions of dollars and millions of staff hours to expand, upgrade and modernize Washington's two Airports and their infrastructure, including public safety, parking, highway access and public transportation. The "new" Terminal B/C at Reagan National celebrated its 10th anniversary in 2007. At Washington Dulles, visitors admire the distinctive flying wing architectural design of the Main Terminal, some not realizing that the original terminal was only half as large. The expansion of Concourse B added 12 new gates in 2007, as well as additional dining and shopping options for passengers.

The public is responding positively to these development programs and more improvements are on the way. Soon, passengers at Washington Dulles will enjoy the convenience and speed of the AeroTrain, as well as the extra capacity and safety that a fourth runway will provide. International passengers will be welcomed by a more spacious and efficient International Arrivals Building. Many new security and convenience features at both Airports may go unnoticed by passengers, but will contribute to a more pleasant and safe travel experience.

Additional planned investments will further improve the Airports' position in world aviation. By 2016, our current 15-year capital development program is scheduled to invest a total of \$7 billion at Reagan National and Washington Dulles. That investment will continue to have a ripple effect throughout the local economy.

The Airports Authority's record of accomplishment is the product of two important and interdependent values: vision with commitment. These values help us maintain a long-term focus while being responsive to current economic and industry conditions, and led to our Board of Directors' decision to undertake the Dulles Corridor Metrorail Program. Our involvement with chambers of commerce, small businesses and local schools all speak to our vision for a better region and our commitment to making that vision a reality.

The accomplishments of the Airports Authority would not have been possible without the spirit of vision and commitment that has been shared and strengthened by many talented people. Board members and employees, current and past, have each contributed to the Airports' success and to our legacy as an organization that can deliver.

After 20 years, the Airports Authority remains true to its original vision: to plan, provide and manage access to the global aviation system by anticipating and meeting the needs of the National Capital area. Our commitment is to carry out our vision in a way that serves our successors as well as we have been served by the vision and commitment of our predecessors.

James E. Bennett
President and Chief Executive Officer

Margaret E. McKeough
*Executive Vice President and
Chief Operating Officer*



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MESSAGE FROM THE PRESIDENT AND EXECUTIVE VICE PRESIDENT



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A NOTE OF APPRECIATION

The Metropolitan Washington Airports Authority owes its growth and success to many dedicated people—Board members, staff, public officials, volunteers and others who have served or supported the mission of the Airports Authority over the past 20 years. However, there are three people who, by their vision, commitment and leadership, are especially deserving of recognition on the 20th anniversary of the Airports Authority: Senator Elizabeth H. Dole, The Honorable A. Linwood Holton, Jr. and James A. Wilding.

As Secretary of Transportation under President Ronald Reagan, Elizabeth Dole championed the idea of transferring the management of Washington's two Airports from the federal government to an independent Airports Authority. Despite being told that such a move had failed several times before, she worked tirelessly for more than three years, both in public and behind the scenes, until the legislation was enacted, creating the Airports Authority.

Former Virginia Governor A. Linwood Holton, Jr. was also highly involved in the creation of the Airports Authority. Appointed by Secretary Dole as head of the Commission to study the transfer of the Airports, he sought and received the support of Members in both Houses of Congress by skillfully addressing concerns and pointing to the long-term benefits for the region's air transportation system. He was then elected as the first Chairman of the Airports Authority, serving in that role until 1992.

As an executive with the Federal Aviation Administration, James A. Wilding became the Director of the government's Metropolitan Washington Airports organization in 1979. He transferred from the federal government to the Airports Authority upon its creation in 1987, and served as President and CEO until his retirement in 2003. Under his leadership, the Airports Authority achieved and maintained a solid financial foundation and a sound management structure—vital elements in providing efficient air service while undertaking extensive construction projects at both Airports.

The contributions of these outstanding individuals are embodied in the two excellent, modern Airport facilities we enjoy today, which make the National Capital area a better place to live, work and travel. Each one of them has earned our lasting gratitude for making the Airports Authority a reality.

The Honorable H.R. Crawford
Chairman

James E. Bennett
President and Chief Executive Officer



Gates B14 - B71, B73
Restrooms

Gates B72, B74

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VISION IN PROGRESS: CONSTRUCTION



VISION IN PROGRESS: CONSTRUCTION

The Airports Authority was created to address the need for extensive development at both Airports, and “under construction” has been a constant theme over the past 20 years. During that time, vision has become reality—first with the transformation of Washington (Reagan) National, and then with the ongoing development program at Washington Dulles. Since 1987, the Airports Authority has invested over \$5 billion in construction at both Airports, with over \$1 billion being invested in construction at Reagan National and nearly \$4 billion at Washington Dulles. Total construction spending for new and existing projects at both Airports rose to more than \$664 million in 2007, an increase of 8.4% over the previous year.

The Washington Dulles Capital Construction program (*d2*) continued on an aggressive schedule. In 2007, an average of 35 major construction projects were active on the Airport, with 18 major projects completed—all taking place while 24.7 million passengers traveled through the Airport.

AeroTrain Moves Forward

One of the most significant projects is the underground automated train system, named AeroTrain, which is on schedule to begin service in late 2009. Underground construction of the tunnel system continued, as the tunneling work was completed and installation work began on the train guideway, electrical systems, and the automated train control system.

The manufacture of all 29 rubber-tired cars was completed in 2007. Vehicles were shipped to the Airport beginning in May, with the final delivery scheduled for early 2008. The train cars were built by Mitsubishi Heavy Industries under contract with Sumitomo Corporation of America.

When in service, the new system will have more than three miles of underground track, on which the train cars will transport passengers to Concourses in less than two minutes. The familiar mobile lounges will continue to be used for arriving international flights, and to transport passengers to and from aircraft parked away from the gates.



New Runway Construction On Schedule

Construction of the new fourth runway continued, with the completion of the foundation earthwork package and the start of runway paving construction. Other supporting projects were also put in motion, including the installation of an all-weather navigation system and the construction of a new Airport rescue and firefighting station. With these construction projects on schedule, testing and certification of the 9,500-foot runway is planned for late 2008. A fifth runway is planned for future development as air traffic increases.

Air Traffic Control Tower Opens

The new air traffic control tower at Washington Dulles was certified and equipped by the FAA and opened for service in July. Offering greater height and a more centralized location than the original tower at the Main Terminal, the new tower enhances the ability of air traffic control staff to safely monitor and direct the movements of aircraft.

Concourse B Extension Completed

Providing much-needed space for additional traffic, Concourse B was extended to add up to 15 new gates. Accented with flags from each of the 50 states and the District of Columbia, the \$137 million extension adds 240,000 square feet to Concourse B and continues the bright, modern feel of the original Concourse.

Concourse B will accommodate the Airbus A380, the world's largest commercial aircraft, in the near future. Two gates are being modified to enable upper deck boarding. Due to the vision and planning of the *d2* program, Washington Dulles can support the A380 without major modifications to runways or underground systems.

The A380 visited Washington Dulles in March as part of a tour by Airbus and Lufthansa, attracting the curiosity and awe of visitors. Standing seven stories high and with a wingspan the length of a football field, the A380 can hold up to 800 passengers in two decks of seating.





Other Construction Projects Advance

The multi-year construction work on the entry and exit roads at Washington Dulles was essentially completed in 2007, with only minor work remaining on the medians and shoulders of the roads. The new traffic flows should reduce confusion and ease traffic congestion for drivers entering and leaving the Airport.

The design phase for an expansion of the International Arrivals Building at the Main Terminal was completed in 2007, and construction is scheduled to begin in early 2008. This much-needed construction project will significantly enhance customer

service and improve the experience of international passengers landing at Washington Dulles. Main components of the expansion include an enlarged and improved passenger processing area, as well as enhancements in the baggage handling system.



An Anniversary At Reagan National

Reagan National's Terminal B/C celebrated its 10th anniversary on July 27, 2007. By year-end, Reagan National had served a record 18.8 million passengers, marking its third consecutive year of record volume.

Designed by renowned architect Cesar Pelli, the terminal has become a new landmark for the region, offering a spectacular view of the Nation's Capital. The structure contains the works of 30 artists.

Multiple construction projects continued at the Airport, including preservation work on Historic Terminal A. This work includes the rehabilitation of the exterior façade and window replacement.

Additionally, work continued on replacing the Airport's rescue and firefighting station with a new facility. Design plans for construction of additional parking levels in Garages A and B/C were completed in 2007. Construction will begin in the spring of 2008, with the goal of providing 1,424 new parking spaces at the Airport by 2010.

VISION IN PROGRESS:
CONSTRUCTION**Expansion Plans Make Progress**

Construction progressed on the Consolidated Communications Center that will support both Airports' operations. Additionally, construction of the Corporate Office Building expansion progressed toward a scheduled opening in the summer of 2008. The two-level, 8,900-square-foot structure includes a 90-foot long elevated walkway that connects the office building with Hangar 11.

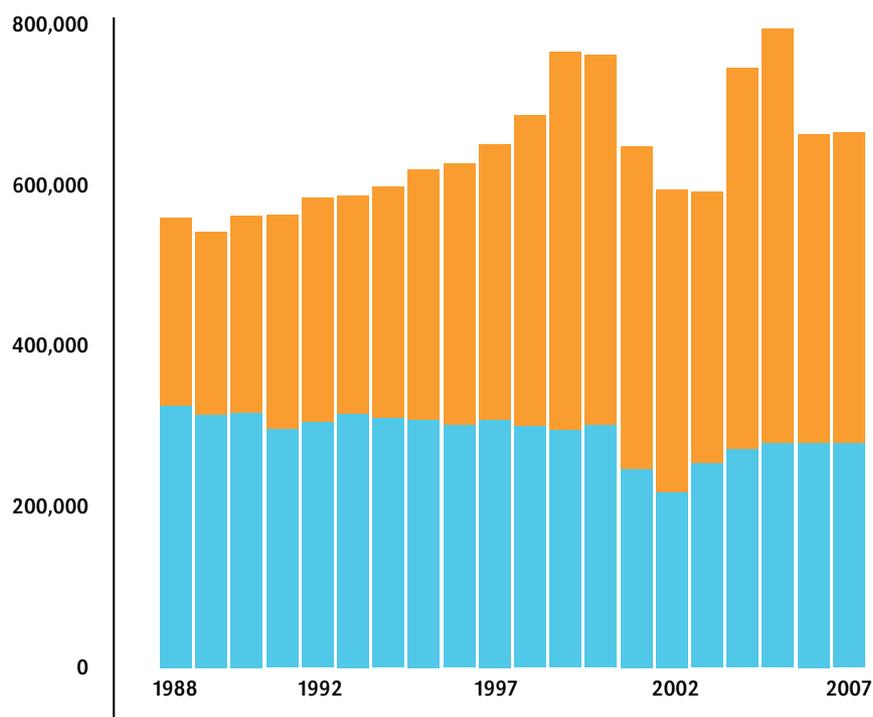
Safety is Key

In 2007, the Airports Authority's wrap-up insurance program provided coverage to more than 2,000 contractors with a daily work force of 2,500. Reflecting the goal of managing risk by keeping injuries to a minimum, the Airports Authority's construction recordable injury rate was a low 3.2%, or half the national average of 6.4%. The lost time incident rate was just 0.28%, a fraction of the national average of 2.4%.

Sensitive to the fact that 70% of the current construction workforce is Spanish-speaking, the Airports Authority initiated a safety training session in Spanish to certify 49 individuals in the Occupational Safety and Health Administration (OSHA) 10-Hour Construction Industry Training Course. Additionally, all jobsite safety training is conducted with Spanish translation.



Operations



Washington Dulles Reagan National

Washington Dulles							
	Air Carrier	Regional	Total		Air Carrier	Regional	Total
1988	168,754	62,219	230,973	1998	283,157	99,027	382,184
1989	163,988	60,897	224,885	1999	343,512	122,403	465,915
1990	139,592	102,617	242,209	2000	336,467	119,969	456,436
1991	137,762	126,817	264,579	2001	300,061	96,825	396,886
1992	128,208	148,458	276,666	2002	262,063	110,573	372,636
1993	114,575	153,262	267,837	2003	232,112	103,285	335,397
1994	206,756	78,124	284,880	2004	281,663	187,972	469,635
1995	226,670	81,474	308,144	2005	255,442	254,210	509,652
1996	229,516	93,453	322,969	2006	132,265	247,306	379,571
1997	240,861	98,703	339,564	2007	141,424	241,515	382,939

Reagan National							
	Air Carrier	Regional	Total		Air Carrier	Regional	Total
1988	201,499	120,904	322,403	1998	185,926	111,167	297,093
1989	192,064	119,143	311,207	1999	182,589	109,176	291,765
1990	201,622	112,118	313,740	2000	188,285	109,594	297,879
1991	185,577	107,349	292,926	2001	159,347	84,661	244,008
1992	184,878	116,790	301,668	2002	139,259	76,432	215,691
1993	189,153	123,193	312,346	2003	139,343	111,459	250,802
1994	190,101	116,428	306,529	2004	154,452	114,124	268,576
1995	186,235	118,641	304,876	2005	181,417	94,639	276,056
1996	178,772	119,314	298,086	2006	157,536	118,883	276,419
1997	185,334	119,302	304,636	2007	146,614	128,819	275,433

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

VISION IN MOTION: AIR SERVICE

Many improvements in air service have taken place at Washington's Airports since 1987. Once-familiar airlines are no longer in service or operate under different names, while new carriers have emerged to capture a share of the travel market. Twenty years ago, Washington National provided service to 62 destinations, while Washington Dulles served 67 cities nationally and around the world. Today, Reagan National connects passengers with 73 locations and Washington Dulles offers flights to 127 cities worldwide. New air service options offered in 2007 include the following:



On March 28, United Airlines began daily nonstop service to Beijing out of Washington Dulles. The U.S. Department of Transportation selected United and Washington Dulles in January over three other airline/airport partners. This new and important route links the capitals of the United States and China for the first time, and is expected to add thousands of jobs and at least \$275 million to the region's economy.

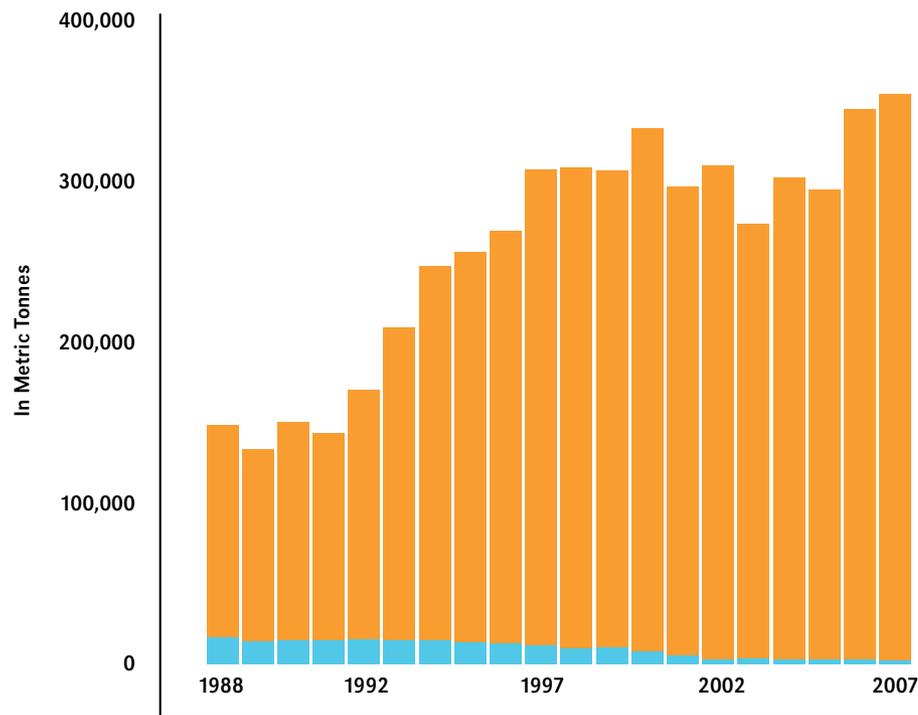
In addition to the new service to Beijing, United also added daily nonstop service to Rome and seasonal service to Rio de Janeiro.

Washington Dulles also welcomed several new international carriers, including Aer Lingus with four weekly flights to Dublin, Iberia Airlines with five weekly flights to Madrid, Copa Airlines with daily service to Panama, and Qatar Airways with daily service to Doha.

In addition, Korean Airlines increased its weekly departures to Seoul from four to five, Virgin Atlantic added a second daily flight to London, and Ethiopian Airlines added two new weekly flights to Addis Ababa.

Domestically, United introduced daily service to Huntsville, Oklahoma City and Little Rock, while JetBlue inaugurated twice daily service to Orlando. New carrier Virgin America introduced service from Washington Dulles in September, with flights to Los Angeles and San Francisco.





Washington Dulles Reagan National

Washington Dulles							
	Domestic	International	Total		Domestic	International	Total
1988	89,400	41,200	130,600	1988	194,100	101,600	295,600
1989	79,900	38,100	118,000	1999	188,300	105,300	293,600
1990	95,000	39,200	134,200	2000	189,000	132,700	321,700
1991	94,600	32,600	127,200	2001	170,200	118,000	288,200
1992	110,700	43,000	153,700	2002	175,500	128,500	304,000
1993	135,700	56,400	192,100	2003	149,400	118,100	267,500
1994	154,700	75,100	229,800	2004	154,100	142,200	296,300
1995	164,300	75,800	240,100	2005	144,800	144,100	288,900
1996	171,600	82,100	253,800	2006	147,300	191,100	338,400
1997	188,900	103,600	292,500	2007	157,300	190,700	348,000

Reagan National							
	Domestic	International*	Total		Domestic	International	Total
1988	16,400	-	16,400	1988	9,900	-	9,900
1989	13,800	-	13,800	1999	10,000	-	10,000
1990	14,700	-	14,700	2000	8,000	-	8,000
1991	14,400	-	14,400	2001	5,400	-	5,400
1992	15,000	-	15,000	2002	2,700	-	2,700
1993	14,800	-	14,800	2003	3,100	-	3,100
1994	14,600	-	14,600	2004	2,700	-	2,700
1995	13,400	-	13,400	2005	2,600	-	2,600
1996	12,500	100	12,600	2006	2,700	-	2,700
1997	11,200	100	11,300	2007	2,200	-	2,200

* International Service at Reagan National did not begin until 1995.
Source: Airports Authority.



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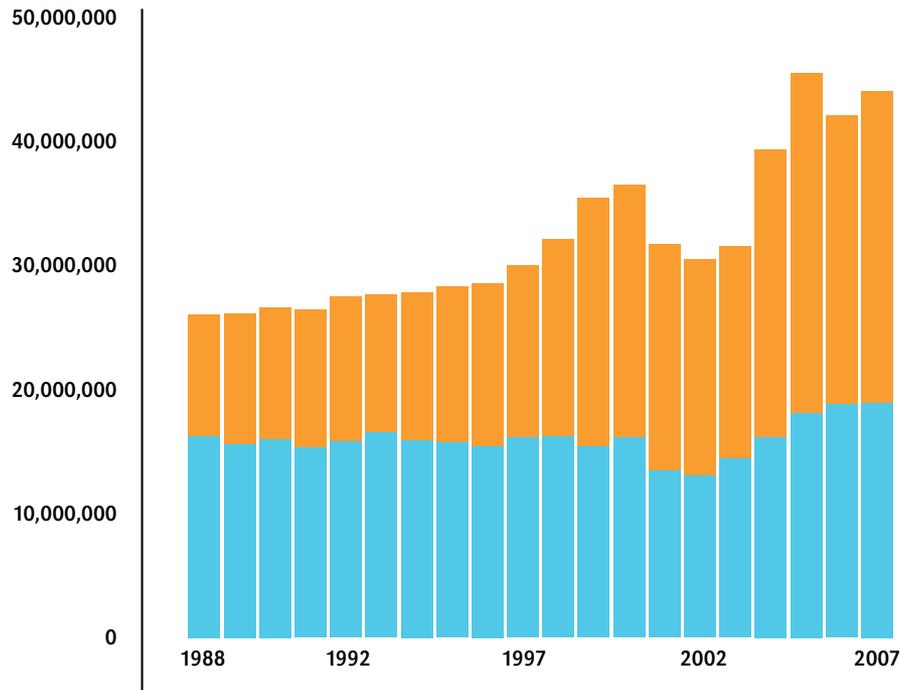
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Landing



Passengers



Washington Dulles Reagan National

Washington Dulles							
	Domestic	International	Total		Domestic	International	Total
1988	8,649,910	1,036,727	9,686,637	1998	12,444,662	3,301,680	15,746,342
1989	9,224,290	1,174,801	10,399,091	1999	16,054,958	3,742,371	19,797,329
1990	9,042,829	1,395,260	10,438,089	2000	15,872,660	4,232,033	20,104,693
1991	9,406,407	1,555,921	10,962,328	2001	14,020,710	3,981,609	18,002,319
1992	9,408,027	2,122,802	11,530,829	2002	13,145,607	4,089,556	17,235,163
1993	8,500,717	2,486,474	10,987,191	2003	12,928,047	4,022,334	16,950,381
1994	8,946,588	2,744,198	11,690,786	2004	18,213,886	4,654,966	22,868,852
1995	9,652,858	2,790,799	12,443,657	2005	22,128,747	4,923,371	27,052,118
1996	10,095,340	2,798,688	12,894,028	2006	17,787,488	5,232,874	23,020,362
1997	10,697,389	3,060,472	13,757,861	2007	18,792,173	5,945,355	24,737,528

Reagan National							
	Domestic	International*	Total		Domestic	International	Total
1988	16,014,585	-	16,014,585	1998	15,758,413	211,893	15,970,306
1989	15,385,240	-	15,385,240	1999	14,956,738	228,610	15,185,348
1990	15,805,496	-	15,805,496	2000	15,625,901	262,298	15,888,199
1991	15,098,697	-	15,098,697	2001	13,096,080	169,307	13,265,387
1992	15,593,535	-	15,593,535	2002	12,670,866	210,735	12,881,601
1993	16,307,808	-	16,307,808	2003	13,960,612	262,511	14,223,123
1994	15,700,825	-	15,700,825	2004	15,631,113	313,429	15,944,542
1995	15,371,393	134,851	15,506,244	2005	17,497,304	350,580	17,847,884
1996	14,956,710	269,790	15,226,500	2006	18,177,720	373,065	18,550,785
1997	15,677,676	229,330	15,907,006	2007	18,376,215	303,128	18,679,343

* International Service at Reagan National did not begin until 1995.

Source: Airports Authority.



COMMITMENT TO CHOICE: BUSINESS OPERATIONS AND CONCESSIONS

Twenty years ago, some passengers would arrive at the airport just minutes before a flight. With more stringent security procedures now in effect, the average stay at the airport has increased, making a wide choice of food, beverage and retail options even more important.

At Washington Dulles, five new restaurants opened in 2007, completing a total renovation of the food and beverage program. Caribou Coffee opened in the Main Terminal past security, while Nelson's Pub, Villa Pizza and Cuisine d'Avion opened in Concourse D. Five Guys Famous Burgers and Fries and Mayorga Coffee opened in Concourse A.

The Concourse B expansion was completed at the end of 2007, adding 12 new gates and additional concessions opportunities. The concessions program for the new addition, which commenced operation in January 2008, includes Five Guys, Green Leaf's & Bananas, Max & Erma's, Auntie Anne's, Pamir Kebab House and Capitol Grounds Coffee, as well as retail tenants Solstice Sunglasses, Butter LONDON manicures, and Tech Showcase electronics. Food and beverage sales per enplaned passenger at Washington Dulles averaged \$4.69, an increase of 16% over 2006. Retail sales per enplaned passenger averaged \$3.42, up 7% from the prior year.

Continuing a major redevelopment of its food and beverage operation, Reagan National opened an additional 16 food establishments in 2007. New offerings included Five Guys, Cibo Bistro and Wine Bar, Einstein Bros. Bagels, Potbelly Sandwich Works, Gordon Biersch, California Tortilla, Famous Famiglia, Panda Express, Jet Rock Café, and two outlets of Dunkin' Donuts. Additionally, several existing concepts underwent a total renovation, including Primo Cappuccino, Cinnabon and two locations of Auntie Anne's. The National Airport Grill was in the final phases of construction in the Terminal B Connector and is scheduled to open in early 2008. New retail openings included Johnston & Murphy, Godiva stores, an America kiosk on the South Pier, and two AeroMart newsstands on the baggage claim level. All retail kiosks on the National Hall level were also renovated. Food and beverage sales at Reagan National averaged \$5.01 per enplaned passenger in 2007, up 11.5% over 2006. Retail sales per enplaned passenger averaged \$3.60, an increase of 0.9% over the previous year.

Airport Revenue News named Reagan National among the top airports in the country in its annual "Best Concessions Awards," recognizing excellence in the airport concessions industry. Reagan National was honored as the "Airport with the Best Customer Service" and the "Airport with the Best Concessions Management Team."



Technology Improvements Provide Better Service

Productivity is a critical desire for all passengers, and especially for business travelers. To assist passengers while at the Airports, the Airports Authority introduced WiFi wireless internet service throughout Reagan National and Washington Dulles in late 2007. Subscribers to major national wireless internet providers can easily log on to check e-mail, transfer files and perform numerous other functions. Cellular telephone and data coverage throughout the two Airports has also been improved.

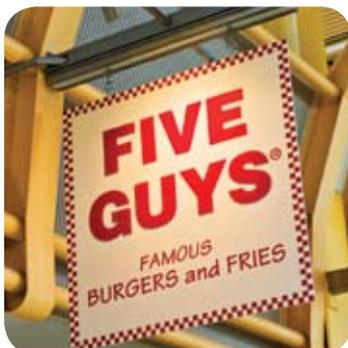
Late in 2007, the Airports Authority finalized plans to implement the Registered Traveler Program at both Reagan National and Washington Dulles. The purpose of the Program is to enhance customer service and reduce wait times during security screening. Passengers who elect to enroll will voluntarily submit both biographic and biometric information to help verify their identities. Once enrolled, these passengers will be authorized to use designated Registered Traveler lanes through the screening process.

A modernization of airport facilities must be supported by modern business systems. The Enterprise Resource Planning Initiative will streamline and improve the various business processes at the Airports Authority. Using industry best practices that will be emulated by vendor software, both efficiency and productivity will be enhanced. Key areas of concentration will be in the finance, asset management, procurement and work order systems.

Providing Opportunities for Local Businesses

The Airports Authority awarded more than \$386 million in contracts for construction, goods and services. Local Disadvantaged Business Enterprises (LDBE) earned \$112 million or 34% of the total. Minority and Women-Owned Businesses (MBE/WBE) accounted for more than \$47 million in contracts, representing 14% of the total.

Continuing its strong commitment to the region's LDBE and MBE/WBE companies, the Airports Authority hosted the 17th Annual Business Opportunity Seminar in November 2007. The seminar attracted approximately 800 attendees, many of whom were first-time participants. The seminar provided information on upcoming contracting and concessions opportunities at both Airports, as well as guidance on procedures, subcontracting and other issues. Other outreach programs to the local small business community included participation in 13 business and trade fair events that attracted more than 4,000 attendees.



The Airports Authority has made major investments in public safety staffing, programs and facilities since 1987, when it assumed responsibility for police, fire and rescue services from the federal government.

In 2007, work continued on the new Public Safety Consolidated Communications Center, located at Reagan National. This facility 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 house an Emergency Operations Center that will enable representatives from the Airports Authority, as well as state, local and federal agencies, to respond swiftly to any emergency. The target opening date for the new Consolidated Communications Center is late 2008.



Fire & Rescue Department

The Fire & Rescue Department has undergone significant changes since it was transferred to the Airports Authority from the Federal Aviation Administration in 1987. Staffing was immediately increased and an entirely new shift was added. In the 1990s, the Department took on new responsibilities, including hazardous materials capabilities and technical rescue response.



Today, the Department has 150 employees who provide headquarters support functions and operate three shifts at each Airport. The construction of a third station at Washington Dulles is in progress, further enhancing response capabilities to support the new AeroTrain system and the fourth runway.

In 2007, Fire & Rescue personnel responded to more than 6,000 incidents of all types. In addition to incidents occurring on Airport property, the Department logged 1,300 Mutual Aid responses in 2007, providing assistance to the fire and rescue departments of surrounding jurisdictions. The number of Mutual Aid responses increased by more than 15% over the previous year.

Responders must be trained to deal with a number of different situations, including aircraft rescue and firefighting, river rescue, hazardous materials emergency response, Metrorail emergency response and several other disciplines. Training is also underway to prepare for the arrival of the Airbus A380 in 2009.



The Automated External Defibrillator (AED) and Cardiopulmonary Resuscitation (CPR) programs have saved numerous lives at the two Airports since their introduction in 2001. In 2007, six additional AEDs were installed, and several hundred individuals received training in CPR techniques. Also in 2007, hundreds more individuals were trained by Fire & Rescue staff in first aid and the use of fire extinguishers. The Department's Fire Code Enforcement Division conducted more than 1,500 inspections to ensure that buildings and other properties are safe.

Police Department

Since the inception of the Airports Authority in 1987, the Police Department has experienced exponential growth in staffing, services provided and professional expertise. Growing from two separate units at then Washington National and Washington Dulles, the Department became one entity with the ability to provide command and control of law enforcement activities at both Airports from a centralized facility. Current staffing is now authorized at 211 officers, 41 public safety communicators and 34 traffic control officers.

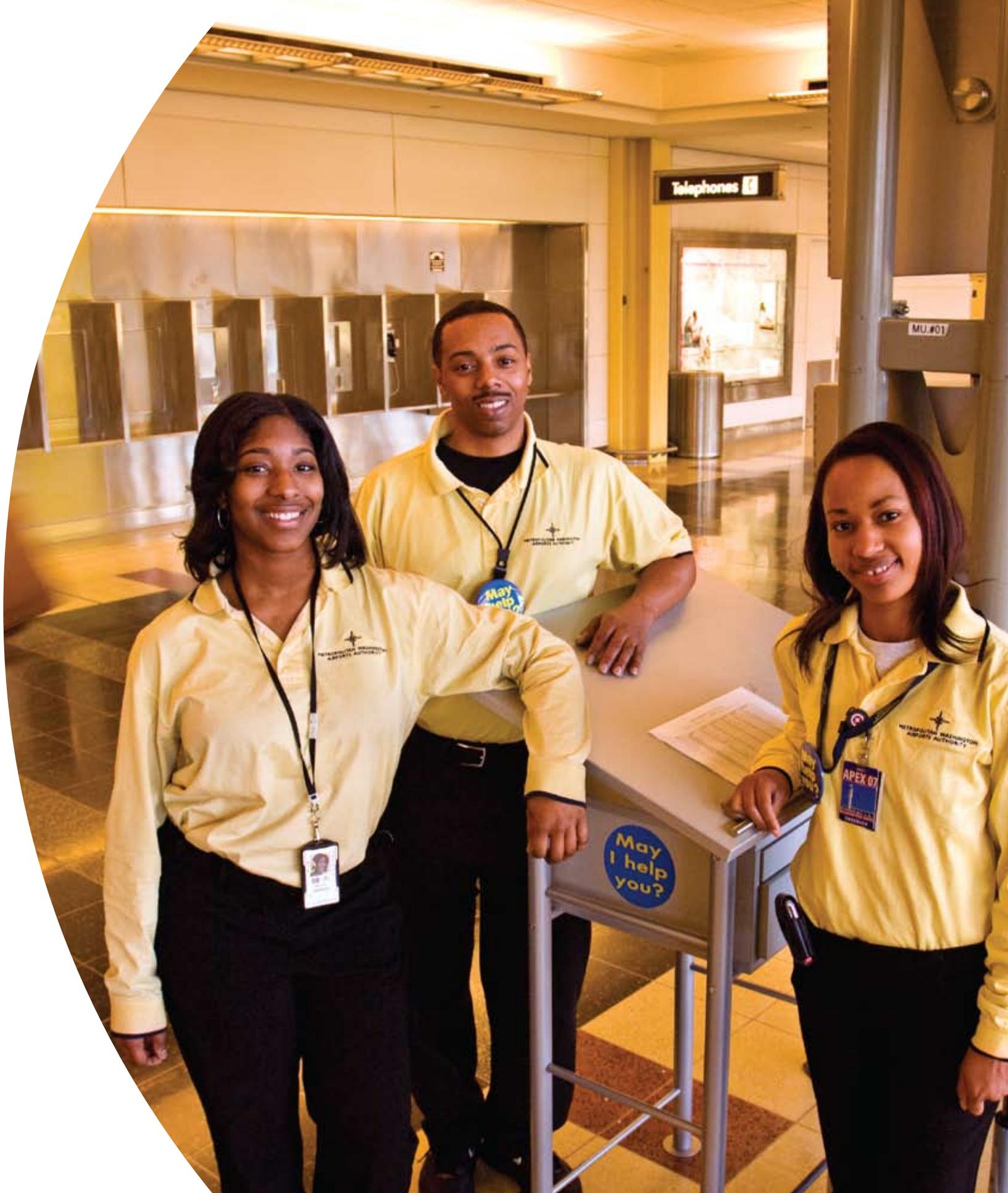
In addition to the expansion from roughly 120 staff members in 1987, the Department now includes an Explosives Detection K-9 program, a fully trained Investigations Section, Police Records, Computer Administration, Internal Investigations, Police Training Unit, Police Property, Special Operations Unit, Special Response Team and the Employee Standards Unit.

In 2007, the Police Department provided assistance at a number of activities in the Greater Washington area including: the President's State of the Union Address; 4th of July in support of the U.S. Park Police; National Police Week activities; Amtrak's K-9 pilot program; the International Monetary Fund Conference; and the Torch Run for Special Olympics. The Department also provided 1,182 VIP escorts and 288 assists involving the Explosive Detector Dogs of the K-9 team.



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COMMITMENT TO THE REGION: THROUGH SERVICE TO THE COMMUNITY



Shortly after the Airports Authority was created, the new organization formed a partnership with a local school to provide mentoring and other support.

Since then, other school partnerships have been formed, and numerous charitable and community outreach programs have been launched. Recognizing that the Airports are the Gateway to the Nation's Capital, the Airports Authority has engaged in an open-door policy that has been effective in building strong ties with a diverse, regional community.



Involving Students in Many Ways

Continuing an annual tradition that attracts students from 75 local schools, Reagan National displayed more than 300 pieces of art from D.C. Public Schools in its 8th Annual Student Art Exhibit. The theme "Images of Interpretation" was brought to life by students from kindergarten through the 12th grade. Along with other initiatives such as Career Days, Job Shadow Days, Ethics Day and holiday performances, these activities have encouraged our employees to become engaged in the lives of the region's youth.

During the summer, some 275 students worked in a variety of jobs at the two Airports, from interns in several departments to Student

Ambassadors, who are easily recognized in their yellow shirts. Launched in 2004, the Student Ambassador program has been an outstanding success, and greatly appreciated by passengers at both Washington Dulles and Reagan National.

Another program provides permanent employment for recent high school graduates with disabilities. Washington Dulles partnered with Chantilly High School's special education program to put recent graduates to work in several Airport departments, including Lost and Found, the Warehouse, Engineering and Maintenance, and with the Airport's parking contractor. The program is modeled after an award-winning program at Reagan National, which also provides job opportunities for disabled students. The Airport was recognized by Fairfax County Public Schools for its outstanding work among youth with disabilities, the first time a non-school unit received such recognition.



**COMMITMENT
TO THE REGION:
THROUGH SERVICE
TO THE COMMUNITY****Dulles Day**

The 2007 Dulles Day, with numerous family activities and featuring the 15th Annual Plane Pull, enjoyed excellent weather and impressive crowds. The Plane Pull attracted 70 teams and raised a record \$132,000 for Special Olympics Virginia. Created by the Airports Authority Police Department, the Plane Pull has raised more than \$1 million for Special Olympics. This year's winning team pulled a FedEx jet 12 feet in 8.98 seconds.

Honor Flights

Washington Dulles and Reagan National have enjoyed the privilege of welcoming hundreds of World War II veterans who travel to the area to see the new National World War II Memorial and other downtown monuments and memorials. Airport staff have worked together with Honor Flight, a non-profit organization, to make each Honor Flight landing a memorable event. Music, fanfare and cheers at the arriving gate create a fitting tribute to all those who served, and who come to the memorials to remember.





New USO Facilities

The United Service Organizations (USO) opened a new lounge at Washington Dulles in space donated by the Airports Authority. The new lounge, located in the arrivals area of the Main Terminal, provides a convenient and comfortable place for members of the armed forces and their families to spend time as they wait for flights. The Airports Authority also donated space at Reagan National to move the USO Lounge to a more convenient location in Terminal A.

United Way Participation

The Airports Authority and its employees are active in many charities, including the United Way Campaign of the National Capital Area. More than \$81,000 was raised for the United Way in 2007, with the amount increasing in each of the last three years. Since the Airports Authority's involvement began in 1995, more than \$700,000 has been raised to benefit United Way charities and programs.



In October, the Airports Authority also hosted the 8th Annual Loudoun United Way Charity Golf Outing at the Raspberry Falls Golf & Hunt Club in Leesburg. The 2007 event was the most successful ever, raising \$50,500. Approximately 80% of the support came from the Airports Authority and its contacts in the aviation industry. In its eight years, this single event has raised nearly \$263,000.

AAAE Visits Washington

In June, the Airports Authority had the honor of hosting the annual conference and exposition of the American Association of Airport Executives (AAAE), the largest professional organization for airport executives in the world. This was the first time in its 79-year history that the AAE conference was held in Washington.

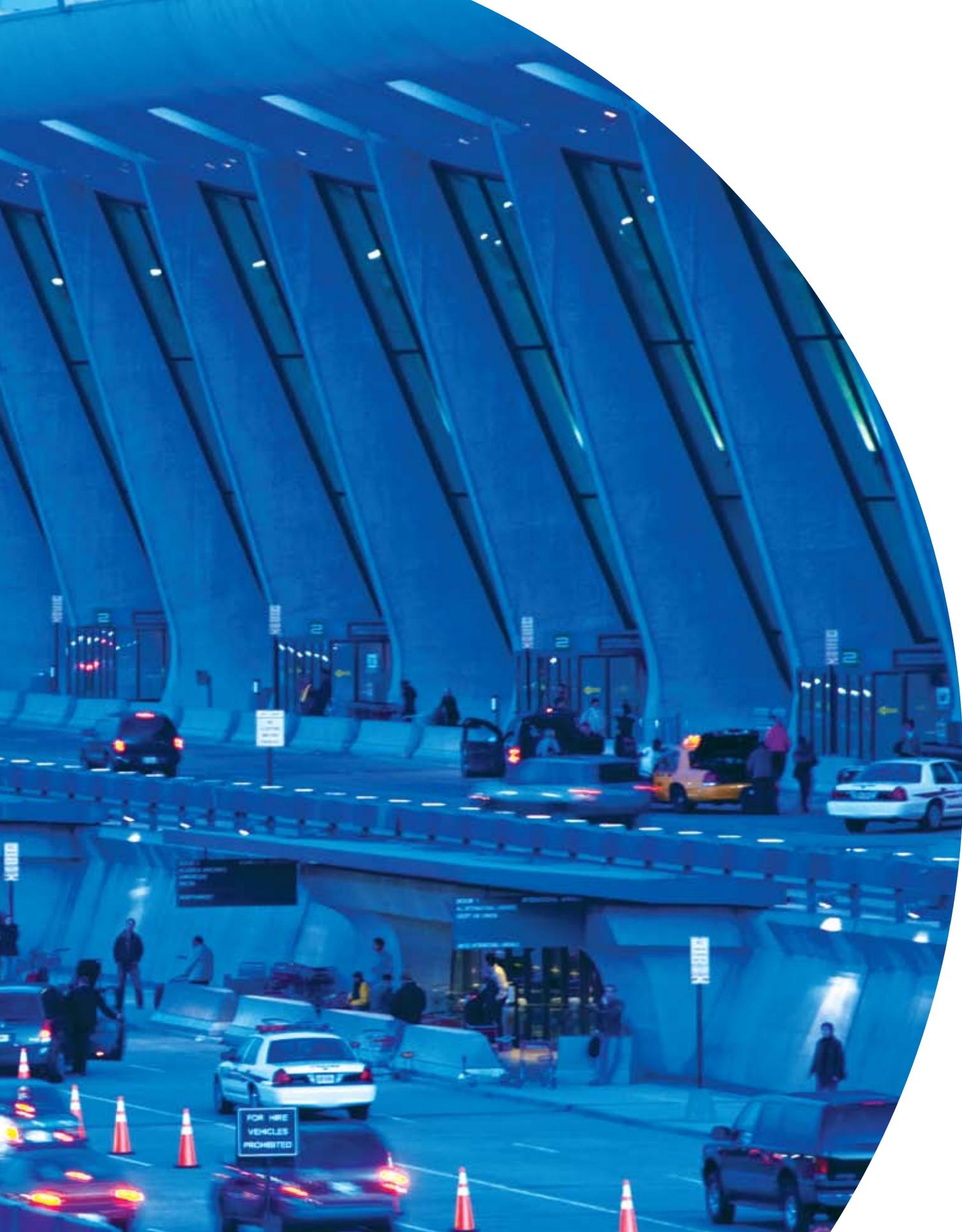
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COMMITMENT TO THE REGION: THROUGH SERVICE TO THE COMMUNITY



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LOOKING BACK ON 20 YEARS OF ACHIEVEMENT



LOOKING BACK ON 20 YEARS OF ACHIEVEMENT

1987 The Metropolitan Washington Airports Authority assumed operation of the Airports on June 7. Its creation required an Act of Congress, a Presidential signature, legislation by the Commonwealth of Virginia and the District of Columbia, and many hours of work on the part of federal employees who were transferred as the first employees of the new Airports Authority.

1988 The initial \$2 billion capital development program was launched.

1989 A 40-year-old hangar was converted into a modern temporary airline terminal at Washington National, providing additional space and ensuring uninterrupted service during the planned construction of the new 35-gate terminal.

The Airports Authority began its "Adopt-A-School" program, establishing a mentoring relationship with the Carl Sandburg Intermediate School in Fairfax County.

1993 Groundbreaking ceremonies took place for the new terminal building at Washington National and for the expansion of the Main Terminal at Washington Dulles.

The Airports Authority's Police Department introduced the first "Plane Pull" to benefit Special Olympics Virginia.

1994 An Economic Impact Study reported that the two Airports were directly responsible for more than 22,000 local jobs and \$3.7 billion in annual business sales.



1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997

1990 Hangars 8, 9 and 10 were demolished at Washington National, clearing a portion of the land needed to build the new terminal.

1991 The International Arrivals Building opened at Washington Dulles, while the first parking garage at Washington National was put into service.

1992 The final architectural concept for Washington National's new terminal was selected.

1995 Construction of Washington National's new air traffic control tower was finished, and the facility was readied for the Federal Aviation Administration to install equipment.

1996 The expansion of the Main Terminal at Washington Dulles was completed, achieving the vision and scope of the late Eero Saarinen's original architectural design.

1997 The new Terminal B/C opened at Washington National to much fanfare.

1998 Midfield Concourse B opened at Washington Dulles. Washington National's official name was changed to Ronald Reagan Washington National Airport.

1999 Concourse A opened at Washington Dulles, serving regional airlines. Construction began on a tunnel linking the Main Terminal with Concourse B.

2000 The *d2* Capital Improvement Program was approved for Washington Dulles, with an initial budget of \$3.4 billion.

2003 The second daily garage opened at Washington Dulles, bringing total parking to 25,000 spaces. Four new gates were added to the West end of Concourse B.

2004 A passenger walkway was completed between the Main Terminal and Concourse B at Washington Dulles. East/West runway 12/30 was completely renovated in just 120 days.

2005 Both Reagan National and Washington Dulles set new records for passengers served. A cell phone waiting area opened at Washington Dulles, with another planned for Reagan National in 2006. Permanent Z Gates were opened at Washington Dulles.



1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

2001 The tragic events of 9/11 caused Reagan National to be closed for three weeks. The Airport was operating on a limited schedule at year-end. Heightened levels of security were put in place at Washington's two Airports and at airports around the world.

2002 Reagan National resumed full air carrier service in April. At Washington Dulles, the *d2* program went forward, with several airfield projects completed. Work began on the underground train system, and the first of two daily parking garages opened.

2006 At Washington Dulles, the new air traffic control tower was completed as construction of a fourth runway began.

2007 New Washington-Beijing route was awarded to United Airlines and Washington Dulles. All 29 AeroTrain cars were completed and shipped to Washington Dulles. Concourse B expansion prepared for opening.



2007 BOARD OF DIRECTORS

left to right Leonard Manning, James L. Banks, Jr., Michael David Epstein, The Honorable William W. Cobey Jr., The Honorable H.R. Crawford *Chairman*, Robert Clarke Brown, The Honorable David G. Speck, Weldon H. Latham, Charles D. Snelling *Vice Chairman*, Michael L. O'Reilly, Anne Crossman

(not pictured) Mame Reiley *Immediate Past Chairman*, Mamadi Diané



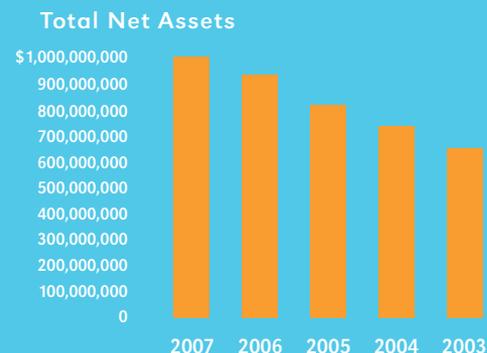
FINANCIAL SUMMARY

FISCAL YEARS ENDED DECEMBER 31, 2007 — 2003

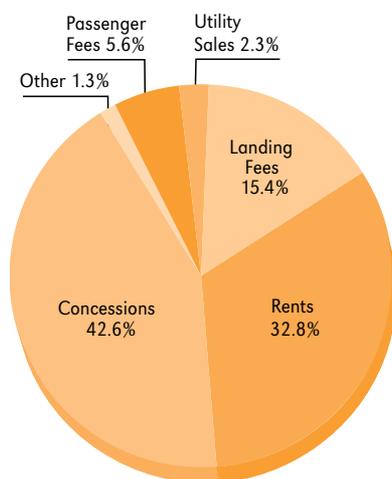
	2007	2006	2005	2004	2003
OPERATING REVENUES					
Concessions	\$ 217,486,823	\$ 199,011,305	\$ 198,691,232	\$ 173,962,671	\$ 146,095,903
Rents	167,301,027	156,164,079	153,865,079	143,389,783	130,802,693
Landing fees	78,682,496	73,375,458	76,359,090	76,274,293	67,637,206
Utility sales	11,778,736	11,248,988	10,934,616	12,035,206	11,867,943
Passenger fees	28,684,113	25,474,908	26,973,143	29,474,743	27,878,919
Other	6,542,935	5,893,899	10,398,536	7,149,375	5,355,589
TOTAL OPERATING REVENUES	\$ 510,476,130	\$ 471,168,637	\$ 477,221,696	\$ 442,286,071	\$ 389,638,253
NON-OPERATING REVENUES					
Investment income	\$ 55,557,746	\$ 45,035,158	\$ 20,194,481	\$ 10,385,775	\$ 5,896,185
Unrealized income	—	—	6,062,129	1,601,347	5,572,334
TOTAL NON-OPERATING REVENUES	\$ 55,557,746	\$ 45,035,158	\$ 26,256,610	\$ 11,987,122	\$ 11,468,519
TOTAL REVENUES	\$ 566,033,876	\$ 516,203,795	\$ 503,478,306	\$ 454,273,193	\$ 401,106,772
TOTAL CAPITAL CONTRIBUTIONS	\$ 118,674,180	\$ 136,960,753	\$ 100,054,076	\$ 104,787,341	\$ 78,861,263
OPERATING EXPENSES					
Materials, equipment, supplies, contract services and other	\$ 182,096,091	\$ 151,009,792	\$ 142,107,372	\$ 130,127,540	\$ 134,105,363
Salaries and related benefits	128,465,267	113,870,907	113,878,086	98,858,597	95,192,233
Utilities	21,134,317	20,359,248	21,493,887	18,754,511	16,754,386
Lease from U.S. Government	4,830,121	4,689,858	4,505,435	4,375,347	4,303,764
Depreciation and amortization	142,030,354	133,106,378	132,424,537	126,177,767	114,950,487
TOTAL OPERATING EXPENSES	\$ 478,556,150	\$ 423,036,183	\$ 414,409,317	\$ 378,293,762	\$ 365,306,233
TOTAL NON-OPERATING EXPENSES	\$ 140,080,587	\$ 113,598,483	\$ 109,914,715	\$ 94,555,823	\$ 96,747,842
TOTAL EXPENSES	\$ 618,636,737	\$ 536,634,666	\$ 524,324,032	\$ 472,849,585	\$ 462,054,075
INCREASE IN NET ASSETS	\$ 66,071,319	\$ 116,529,882	\$ 79,208,350	\$ 86,210,949	\$ 17,913,960
TOTAL NET ASSETS	\$ 1,002,968,824	\$ 936,897,505	\$ 820,367,623	\$ 741,159,273	\$ 654,948,324

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 2007 CAFR and is consistent with GAAP. The Airports Authority has issued separately the 2007 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 Officers 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.

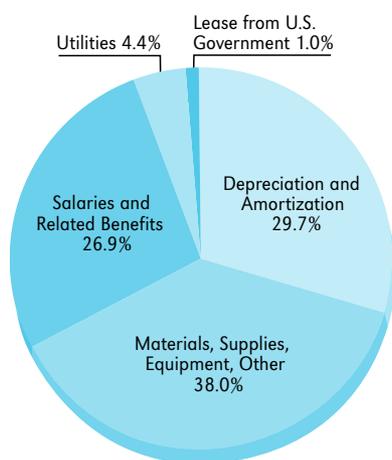


2007 OPERATING REVENUES



The majority of the operating revenues at the Airports are directly related to the number of passengers and aircraft operations. Operating revenues for 2007 were \$510.5 million, an increase of \$39.3 million from operating revenues in 2006, the highest year in the Airports Authority history. The Airports Authority's revenues are primarily derived from rents and charges for the use of the Airports' facilities, including landing fees from airlines using the Airports, and concessions contracts at the Airports, including off-airport rental car operations. Concessions historically have accounted for a substantial portion of the Airports Authority's revenues. In 2007, landing fees increased \$5.3 million to \$78.7 million, or 7.2%. Rent revenue increased \$11.1 million, a 7.1% increase and passenger fees increased \$3.2 million or 12.6%. Concessions revenue of \$217.5 million increased \$18.5 million, or 9.3% from 2006, and as a percent of operating revenues, increased to 42.6% from 42.2% in 2006. Automobile parking revenues were \$116.5 million and represented 54% of concessions revenue.

2007 OPERATING EXPENSES



Operating expenses 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 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. These expenses include a \$12.7 million loss resulting from the demolition of Concourse G, originally built by United Airlines and purchased by the Airports Authority in 2006. United Airlines is reimbursing the Airports Authority for Concourse G through its customary rental rates. The Airports Authority began in 2006, and continued in 2007 implementing a new Enterprise Resource Planning system. The Airports Authority incurred \$4.4 million in 2007 in costs associated with planning this system. Salaries and related benefits for 2007 increased \$14.6 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. 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 \$431,000 and liability insurance premiums increased \$188,700. Claims expenses increased \$1.3 million. 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%.

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*

George R. Ellis

*Vice President for Information and
Telecommunications Systems*

Edward S. Faggen

Vice President and General Counsel

Jonathan Gaffney¹

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.

*Vice President and Airport Manager
Reagan National*

Phil Sunderland²

Vice President and Secretary

Elmer H. Tippett, Jr.

Vice President for Public Safety

Mark Treadaway³

*Vice President for Air Service Planning
and Development, and Acting Vice
President for Communications*

Arl B. Williams

Vice President for Human Resources

Gregory Wolfe⁴

Vice President and Secretary

¹ Resigned July 6, 2007

² Elected July 11, 2007

³ Effective July 6, 2007

⁴ Retired August 31, 2007



METROPOLITAN WASHINGTON
AIRPORTS AUTHORITY

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