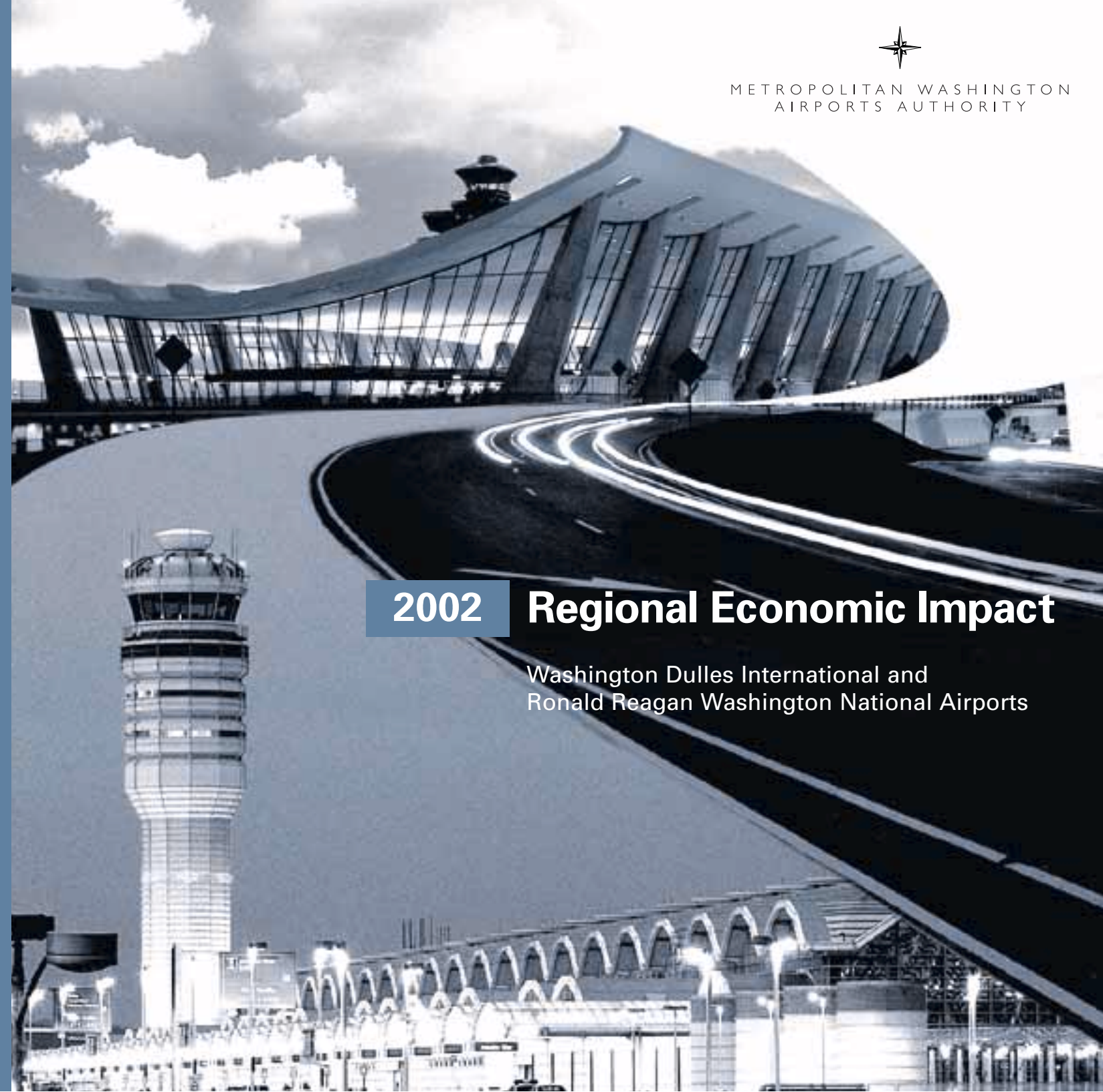




METROPOLITAN WASHINGTON
AIRPORTS AUTHORITY



2002 **Regional Economic Impact**

Washington Dulles International and
Ronald Reagan Washington National Airports



METROPOLITAN WASHINGTON AIRPORTS AUTHORITY

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Executive Summary

JAMES E. BENNETT
President and Chief Executive Officer



Washington Dulles International and Ronald Reagan Washington National Airports continue to operate as very strong economic engines supporting the regional economy.

In 2002, 30.1 million passengers used Ronald Reagan Washington National and Washington Dulles International Airports, and 330,884 metric tons of air cargo were handled at the two airports. This passenger and air cargo traffic generates significant economic impacts throughout the Washington, DC metropolitan area. A new study measures these economic impacts in terms of:

1. Jobs 2. Personal Income 3. Business Revenue 4. Taxes

The study looks at each of the four – jobs, personal income, business revenue and taxes – relative to two categories. The site-generated category includes figures for activities generated by the airports whereas the visitor-generated category reflects activities generated by visitors using the airports. These economic impacts are presented in the following exhibit.

Summary of Economic Impacts 2002

Key to Exhibit

IMPACT CATEGORY	TOTAL	NATIONAL	DULLES
JOBS			
<i>SITE-GENERATED</i>			
DIRECT	27,551	8,709	18,842
INDUCED	10,387	3,323	7,064
INDIRECT	<u>6,753</u>	<u>1,238</u>	<u>5,515</u>
TOTAL DIRECT, INDUCED, INDIRECT	<u>44,691</u>	<u>13,270</u>	<u>31,421</u>
<i>VISITOR INDUSTRY</i>	117,101	55,426	61,675
TOTAL	<u>161,792</u>	<u>68,696</u>	<u>93,096</u>
PERSONAL INCOME (MILLIONS)			
<i>SITE-GENERATED</i>			
DIRECT	\$1,275	\$ 411	\$ 864
RE-SPENDING	883	286	597
INDIRECT	<u>258</u>	<u>48</u>	<u>210</u>
TOTAL PERSONAL INCOME	<u>2,416</u>	<u>745</u>	<u>1,671</u>
<i>VISITOR INDUSTRY</i>			
INCLUDING RE-SPENDING AND INDIRECT	<u>2,599</u>	<u>1,230</u>	<u>1,369</u>
TOTAL	<u>\$5,015</u>	<u>\$1,975</u>	<u>\$3,040</u>
BUSINESS REVENUE (MILLIONS)			
<i>SITE-GENERATED</i>			
DIRECT	\$4,762	\$1,052	\$3,710
<i>VISITOR INDUSTRY</i>			
DIRECT	4,741	2,244	2,497
TOTAL	<u>\$9,503</u>	<u>\$3,296</u>	<u>\$6,207</u>
STATE AND LOCAL TAXES (MILLIONS)			
<i>SITE-GENERATED</i>	\$ 237	\$ 76	\$ 161
<i>VISITOR INDUSTRY</i>	258	126	132
TOTAL	<u>\$ 495</u>	<u>\$ 202</u>	<u>\$ 293</u>
FEDERAL AVIATION SPECIFIC TAXES (MILLIONS)			
	\$ 382	\$ 96	\$ 286

Site-Generated Impacts: impacts created by activity at the two airports including impacts with airlines, airport retail tenants, rental car companies, airline caterers, general aviation activity, skycaps, security firms, custodial firms, fixed based operators, air cargo airlines, government agencies overseeing airport activity, and construction and consulting firms providing services to the airport and airlines.

Direct job impact: jobs directly generated by airport activity which would vanish if activity at Ronald Reagan Washington National and Washington Dulles International Airports were to cease.

Induced job impact: jobs created throughout the local economy because individuals directly employed due to airport activity spend their wages locally on goods and services such as food, housing and health care.

Indirect job impact: jobs generated due to the purchase of goods and services by firms dependent upon airport activity, such as local machine and parts suppliers supporting the airlines, utility companies and office supply firms.

Direct personal income impact: the measure of personal income received by individuals directly employed due to airport activity.

Re-spending personal income impact: a measure of the number of times each dollar spent is recirculated before leaving the local economy.

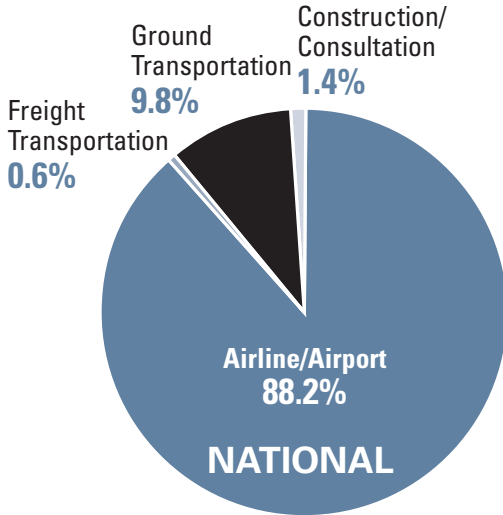
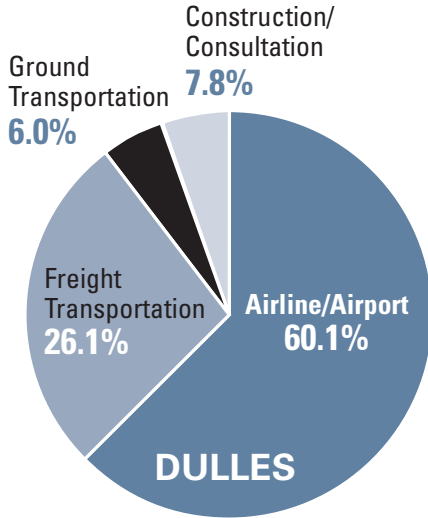
Direct business revenue: a measure of the value of sales earned by airlines and other airport businesses providing services at the two airports.

State and local tax impact: measures the tax revenue received by the states, counties, and municipalities as a result of the airport activity at the two airports.

Visitor Industry Impacts: impacts created by visitors to the Washington, DC metropolitan area who have arrived via the two airports. These visitors create impacts with area hotels, restaurants, retail outlets and local transportation services.

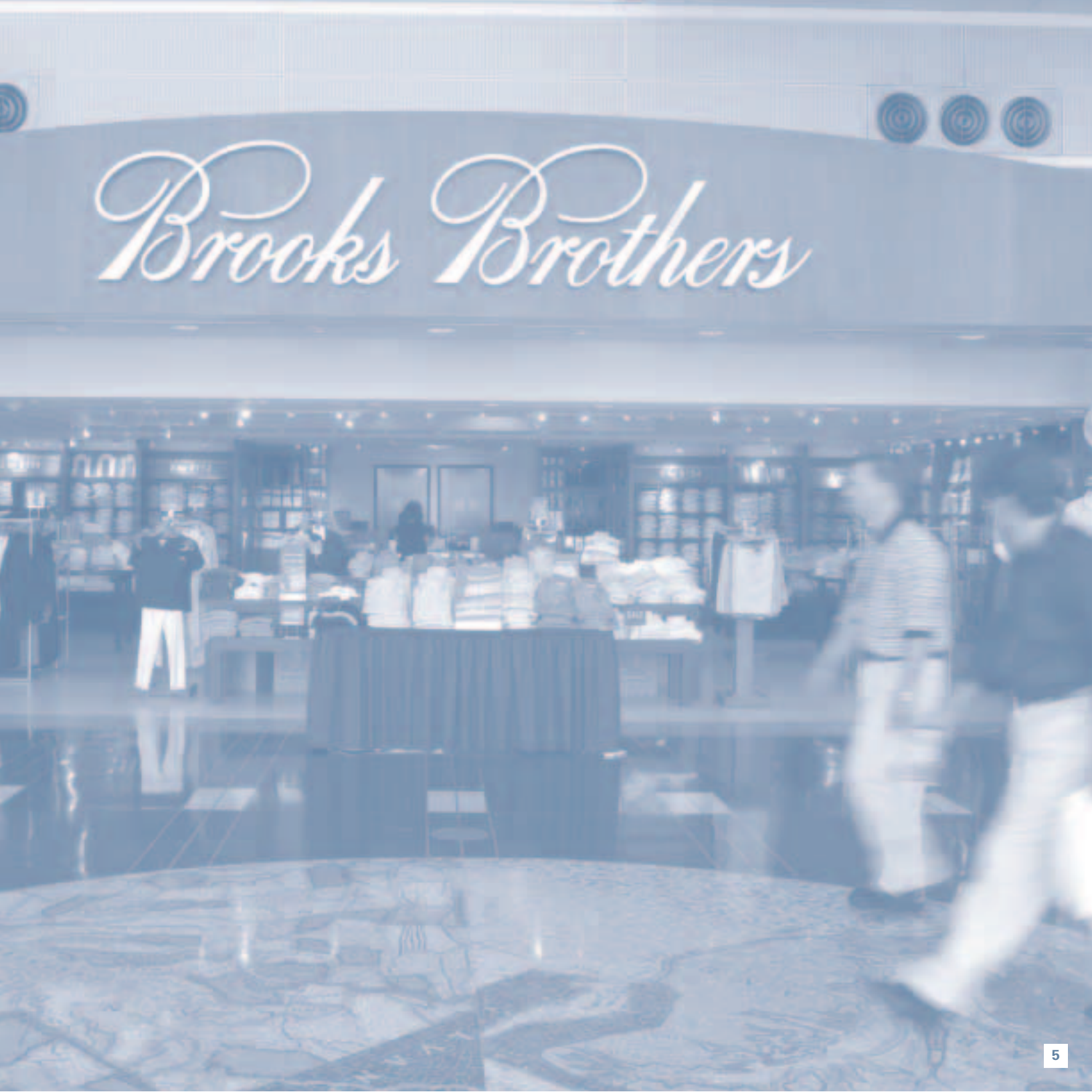
Airport Generated Business Revenue

DISTRIBUTION OF BUSINESS REVENUE



In 2002, the passenger and air cargo activity at Ronald Reagan Washington National and Washington Dulles International Airports created \$4.8 billion of business revenue to the firms supplying passenger and air cargo services at the airport.

These firms, both national and international, represent various sectors of the economy: these are the airline/airport services sector, the freight transportation sector, ground transportation sector and construction. Activity at Washington Dulles International Airport generated \$3.7 billion, while activity at Ronald Reagan Washington National Airport created \$1.1 billion of business revenue. The airlines serving the two airports received the largest share of the business revenue, followed by air cargo firms at Washington Dulles International, and firms providing ground transportation services at Ronald Reagan Washington National Airport.



Capital Construction Program

A Key Generator of Economic Activity

The \$3.1 billion Capital Construction Program to expand Washington Dulles International Airport and improve facilities at Ronald Reagan Washington National Airport consists of projects to expand public parking facilities, improve runways, airfields and terminal facilities and services. In 2002, the annual expenditures from this Capital Construction Program were about \$13 million at Ronald Reagan Washington

National Airport and \$286 million at Washington Dulles International Airport.

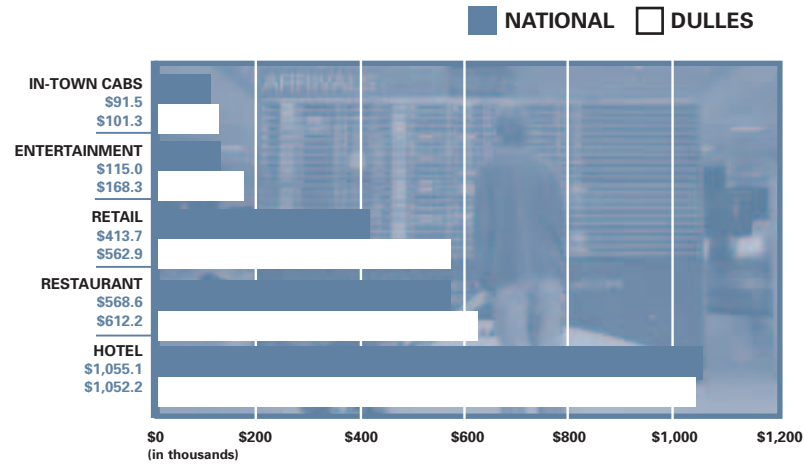
The importance of the Capital Construction Program to the local and regional economy is highlighted by the 4,400 direct, induced and indirect jobs supported annually by the expansion and improvement projects, as summarized in the following exhibit.

ECONOMIC IMPACTS OF THE CAPITAL CONSTRUCTION PROGRAM 2002

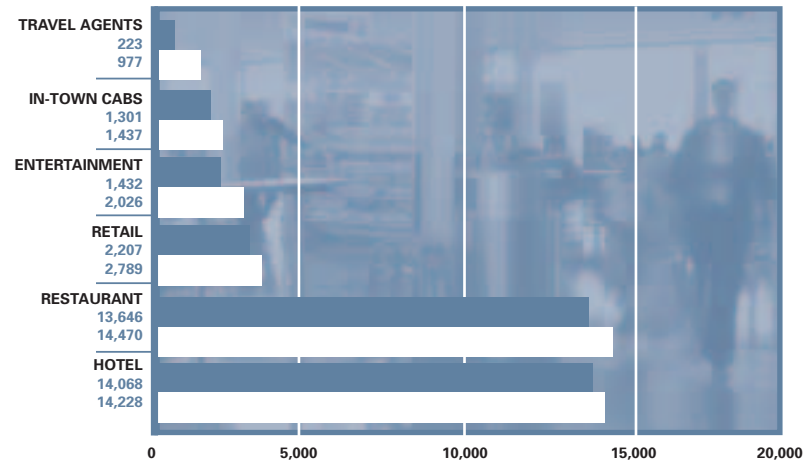
IMPACTS	TOTAL	NATIONAL	DULLES
JOBS			
DIRECT	2,317	113	2,204
INDUCED	944	42	902
INDIRECT	<u>1,170</u>	<u>62</u>	<u>1,108</u>
TOTAL	4,431	217	4,214
PERSONAL INCOME (MILLIONS)			
DIRECT	\$121	\$ 5	\$116
RE-SPENDING	84	4	80
INDIRECT	<u>44</u>	<u>2</u>	<u>42</u>
TOTAL	\$249	\$11	\$238
STATE AND LOCAL TAXES (MILLIONS)	\$ 24	\$ 1	\$ 23

The Visitor Industry

The Area Visitor Industry Benefits From the Visitors Using the Two Airports



DISTRIBUTION OF VISITOR INDUSTRY EXPENDITURES 2002



DISTRIBUTION OF VISITOR INDUSTRY JOBS 2002

Travelers on business and pleasure trips to the nation's capital are vital elements to the Washington, DC metropolitan area economy. Ronald Reagan Washington National and Washington Dulles International Airports are the primary gateways to the region and provide air services key to the area's visitor industry.

In 2002, about 7 million visitors arrived in the metropolitan area via the two airports.

These visitors pumped \$4.7 billion into the area's visitor industry, supporting 68,804 direct jobs in the Washington, DC metropolitan visitor industry.

Two exhibits show how the visitors spent their money in the local area and in which sectors of the visitor industry the jobs were created.



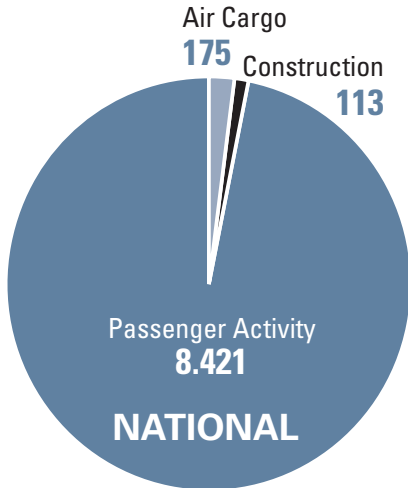
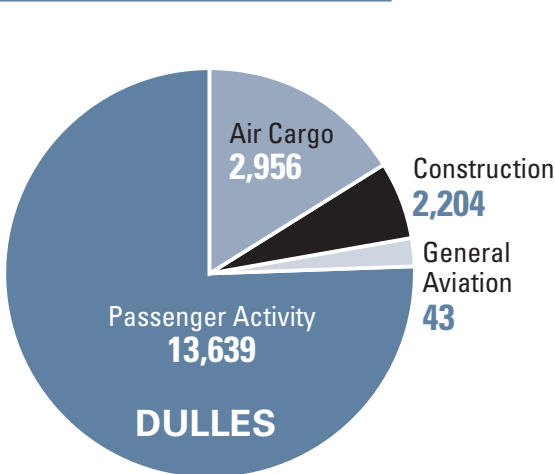


Air Cargo Provides Jobs

In 2002, a total of 330,884 metric tons of air cargo (air freight and air mail) moved through the two airports. Ninety-eight percent of the air cargo moved via Washington Dulles International Airport, while the balance moved via Ronald Reagan Washington National Airport. This air cargo activity generated nearly 3,000 jobs in the local economy.

The value of the air freight (cargo less mail) enplaned at Washington Dulles International Airport is estimated at \$11.3 billion. About 107,000 employees in the Commonwealth of Virginia, Maryland and the District of Columbia are further involved in the air cargo that is loaded on airplanes at Washington Dulles International Airport.

DISTRIBUTION OF DIRECT JOBS BY TYPE OF ACTIVITY





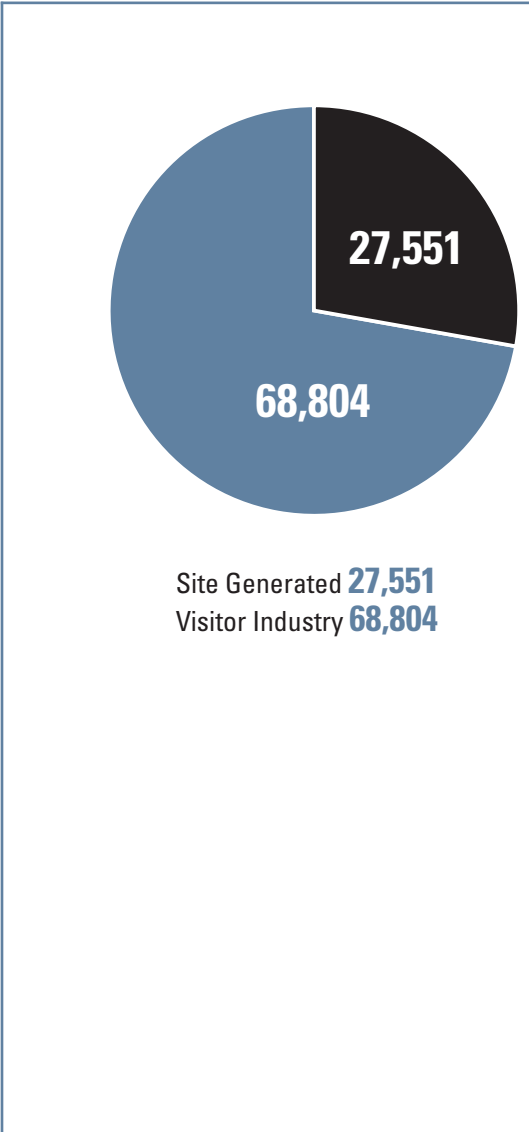
Nearly 162,000 Jobs Are Generated

In 2002, passenger and air freight activity at Ronald Reagan Washington National Airport and Washington Dulles International Airport supported 161,792 residents of Virginia, Maryland and the District of Columbia. Of these 161,792 jobs, 96,355 are directly generated jobs, of which 27,551 are employed by on-site airport activity. The balance, 68,804 jobs, is employment in the area’s visitor industry.

The 96,355 directly generated jobs received \$2.5 billion of wages and salaries. As a result of local purchases by these residents, an additional \$1.7 billion of income and consumption expenditures were created in the local economy. In addition, \$783 million of indirect wages and salaries were received by the indirectly generated jobs. The total income impact is therefore \$5.0 billion.

The \$1.7 billion re-spending of the direct income further supported an additional 26,259 jobs in the local housing, food, health care, transportation, retail, and service sector industries. An additional 39,178 indirect jobs were also supported in the local economy as the result of \$2.0 billion of local purchases by the firms directly dependent upon the two airports.

DISTRIBUTION OF DIRECT JOBS 2002





Airport activity in 2002 generated \$237 million of state and local taxes and \$383 million to the Federal Government in terms of airport specific taxes, as summarized in the following exhibit.

The Commonwealth of Virginia received about \$81.6 million of state taxes from activity at the two airports in 2002. Local jurisdictions in the Commonwealth received about \$81.4 million of tax revenues from airport activity. Similarly, the State of Maryland received \$19.1 million in state tax revenues from activity at Ronald

Reagan Washington National and Washington Dulles International Airports, while local jurisdictions within the State of Maryland received \$27.1 million of tax revenue. The District of Columbia received about \$28 million in tax receipts from airport activity.

SUMMARY OF TAX IMPACTS 2002

TYPE OF TAX	NATIONAL (MILLIONS)	DULLES (MILLIONS)	TOTAL (MILLIONS)
STATE AND LOCAL TAXES	\$ 76	\$ 161	\$ 237
AVIATION SPECIFIC TAXES			
AIR CARGO	\$.3	\$ 56.1	\$ 56.4
INTERNATIONAL ARRIVALS/INS	3.6	49.7	53.3
DOMESTIC PASSENGERS	90.8	161.7	252.5
INTERNATIONAL DEPARTURES	\$ 1.4	\$ 18.9	\$ 20.3
TOTAL FEDERAL AVIATION TAXES	<u>\$96.1</u>	<u>\$286.4</u>	<u>\$382.5</u>

STATE AND LOCAL TAX IMPACTS 2002 BY STATE AND THE DISTRICT OF COLUMBIA

TYPE OF TAX	NATIONAL STATE AND LOCAL TAX IMPACTS (MILLIONS)	DULLES STATE AND LOCAL TAX IMPACTS (MILLIONS)	TOTAL DIRECT TAX IMPACTS (MILLIONS)
STATE TAX IMPACTS			
VIRGINIA	\$19.2	\$ 62.4	\$ 81.6
MARYLAND	8.4	10.7	19.1
TOTAL	<u>\$27.6</u>	<u>\$ 73.1</u>	<u>\$100.7</u>
COUNTY AND MUNICIPAL TAX IMPACTS			
VIRGINIA	\$19.2	\$ 62.2	\$ 81.4
MARYLAND	11.9	15.2	27.1
DISTRICT OF COLUMBIA	17.1	10.9	28.0
TOTAL	<u>\$48.2</u>	<u>\$ 88.3</u>	<u>\$136.5</u>
TOTAL STATE AND LOCAL TAX IMPACTS	<u>\$75.8</u>	<u>\$161.4</u>	<u>\$237.2</u>

Tax Benefits To Governments

The distribution of the direct local tax impacts by jurisdiction is presented in the following exhibit.

DISTRIBUTION OF LOCAL DIRECT TAX IMPACTS BY JURISDICTION 2002

CITY/COUNTY	NATIONAL (THOUSANDS)	DULLES (THOUSANDS)	TOTAL (THOUSANDS)
ALEXANDRIA, VA	\$ 4,016	\$ 2,766	\$ 6,782
ARLINGTON, VA	2,650	2,445	5,095
FAIRFAX COUNTY, VA	2,919	15,161	18,080
FALLS CHURCH, VA	494	627	1,121
FAIRFAX CITY, VA	945	3,959	4,904
LOUDOUN COUNTY, VA	992	21,343	22,335
PRINCE WILLIAM COUNTY, VA	2,092	2,902	4,994
MANASSAS, VA	826	2,345	3,171
OTHER VA	4,282	10,699	14,981
MONTGOMERY COUNTY, MD	1,484	7,842	9,326
PRINCE GEORGE'S COUNTY, MD	4,105	1,645	5,750
OTHER MD	6,366	5,747	12,113
DISTRICT OF COLUMBIA	\$17,067	\$10,860	\$ 27,927
TOTAL	\$48,238	\$88,341	\$136,579

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