OFFICIAL STATEMENT DATED DECEMBER 3, 2014

NEW ISSUE – Book-Entry Only

RATINGS: (See "RATINGS")
Moody's: A2
Standard and Poor's: ....AA/A+
Fitch: ....A

In the opinion of Bond Counsel to the Authority, (i) assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes except, with respect to any Bond, during any period that such Bond is owned by a "substantial user" of the Project or a "related person" (as such terms are used in Section 147(a) of the Code), and as described herein, interest earned on such Bonds will be includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment; (ii) interest on the Bonds will be subject to the branch profits tax imposed on certain foreign corporations engaged in a trade or business in the United States of America; and (iii) by the terms of the Enabling Legislation, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt at all times from every kind and nature of taxation by the State of Maryland or by any of its political subdivisions, municipal corporations, or public agencies of any kind; no opinion is expressed as to Maryland estate or inheritance taxes or any other taxes not levied or assessed directly on the Bonds, their transfer or the income therefrom. See "TAX MATTERS."

$40,000,000
MARYLAND TRANSPORTATION AUTHORITY
Passenger Facility Charge Revenue Bonds
Series 2014
Baltimore/Washington International Thurgood Marshall Airport
(Qualified Airport Bonds - AMT)

Dated: Date of delivery **Due: June 1 of the years shown on the inside cover**

The Bonds are issuable as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof. The Bonds initially will be maintained under a book-entry system and registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Interest on the Bonds from the date of delivery of the Bonds will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2015. So long as the Bonds are maintained under a book-entry system, payments of principal of and premium, if any, and interest on the Bonds will be made when due by Manufacturers and Traders Trust Company, as trustee (the "Trustee"), to DTC in accordance with the Trust Agreement described herein, and the Trustee will have no obligation to make any payments to any beneficial owner of the Bonds. See "THE BONDS – Book-Entry Only System." The Bonds are subject to redemption prior to maturity as described herein under "THE BONDS – Redemption."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp.

The Bonds are limited obligations of the Authority payable solely from Pledged Revenues under the Trust Agreement and are not and shall not be deemed (i) to be general obligations of the Authority, (ii) to constitute obligations of the Department of Transportation of Maryland, (iii) to constitute obligations of the Maryland Aviation Administration or (iv) to constitute a debt or a pledge of the faith and credit of the State of Maryland or any political subdivision thereof. None of the Authority, the Department of Transportation of Maryland or the Maryland Aviation Administration has taxing power.

FOR MATURITY SCHEDULES, INTEREST RATES AND PRICES OR YIELDS AND CUSIPS, SEE INSIDE COVER

The Bonds are offered for delivery when, as and if issued by the Authority and subject to the approving opinions of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel and other certain conditions, including the conditions specified in the Official Notice of Sale. Certain legal matters will also be passed upon for the Authority by Kimberly A. Millender, Assistant Attorney General and Principal Counsel to the Authority, and by Louisa H. Goldstein, Assistant Attorney General and Counsel to the Maryland Aviation Administration. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about December 18, 2014.

This cover page contains certain information for quick reference only. It is not a summary of the Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIPS

Passenger Facility Charge Revenue Bonds, Series 2014
Baltimore/Washington International Thurgood Marshall Airport
(Qualified Airport Bonds - AMT)

$40,000,000 Serial Bonds

Due June 1	Principal Amount	Interest Rate†	Yield†	CUSIP‡
2015	$ 620,000	3.000%	0.400%	57429NBQ4
2016	1,395,000	4.000	0.700	57429NBR2
2017	1,450,000	4.000	1.000	57429NBS0
2018	1,505,000	5.000	1.300	57429NBT8
2019	1,580,000	5.000	1.700	57429NBU5
2020	1,660,000	5.000	2.000	57429NBV3
2021	1,745,000	5.000	2.300	57429NBW1
2022	1,830,000	5.000	2.600	57429NBX9
2023	1,925,000	5.000	2.800	57429NBY7
2024	2,020,000	3.000	3.000	57429NBZ4
2025	2,080,000	3.125	3.200	57429NCA8
2026	2,145,000	3.250	3.300	57429NCB6
2027	2,215,000	3.250	3.400	57429NCC4
2028	2,285,000	3.500	3.500	57429NCD2
2029	2,365,000	3.500	3.600	57429NCE0
2030	2,450,000	3.500	3.700	57429NCF7
2031	2,535,000	3.625	3.800	57429NCG5

$8,195,000 4.000%† Term Bonds due June 1, 2034 Yield†: 4.000% CUSIP‡: 57429NCH3

† The interest rates shown above are the interest rates payable by the Authority resulting from the successful bid for the Bonds on December 3, 2014. The interest rates and yields shown above are furnished by the successful bidder. All other information concerning the terms of reoffering of the Bonds should be obtained from the successful bidder and not from the Authority. See "Sale at Competitive Bidding" herein.

‡ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, which is managed by S&P Capital IQ, a division of McGraw Hill Financial, and neither the Department nor the Authority takes responsibility for the accuracy thereof. These data are not intended to create a database and do not serve in any way as a substitute for CUSIP Global Services.

No dealer, broker, sales representative or any other person has been authorized by the Authority to give any information or to make any representation, other than those contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by the Authority and other sources. The information under the heading "BOND INSURANCE" herein and in Appendix D are provided solely by Assured Guaranty Municipal Corp. ("AGM"). The Authority believes that the information contained in this Official Statement is correct and complete and has no knowledge of any inaccuracy or incompleteness as to any of the information herein contained. The information set forth herein is not guaranteed as to accuracy or completeness by the Authority and is not to be construed as a representation by the Authority as to information from sources other than the Authority. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof.

No quotations from or summaries or explanations of provisions of laws or documents herein purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Bonds. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof, the inside front cover and the appendices attached hereto are part of this Official Statement.

NO REGISTRATION STATEMENT RELATING TO THE BONDS HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR WITH ANY STATE SECURITIES AGENCY, NOR HAS THE TRUST AGREEMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS CONTAINED THEREIN. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP numbers on the inside cover page of this Official Statement are copyright 2014 by the American Bankers Association. The CUSIP numbers herein are provided by CUSIP Global Services, which is managed by S&P Capital IQ, a division of McGraw Hill Financial, and neither the Department not the Authority takes responsibility for the accuracy thereof. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix D – Specimen AGM Bond Insurance Policy".

The bond insurance policy issued by AGM was obtained by Robert W. Baird & Co. Inc., successful bidder for the Bonds.

This Official Statement contains statements relating to future events that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The Trustee has neither participated in the preparation of, nor reviewed, this Official Statement.

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MARYLAND TRANSPORTATION AUTHORITY

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OFFICIAL STATEMENT

of the

MARYLAND TRANSPORTATION AUTHORITY

relating to

$40,000,000
Passenger Facility Charge Revenue Bonds
Series 2014
Baltimore/Washington International Thurgood Marshall Airport
(Qualified Airport Bonds - AMT)

INTRODUCTION

General

This Official Statement sets forth information concerning the sale by the Maryland Transportation Authority (the "Authority"), acting on behalf of the Maryland Department of Transportation (the "Department"), of its Passenger Facility Charge Revenue Bonds, Series 2014, Baltimore/Washington International Thurgood Marshall Airport (Qualified Airport Bonds - AMT) (the "Bonds"), in the aggregate principal amount of $40,000,000.

The Bonds are limited obligations of the Authority issued pursuant to (i) Sections 4-101 through 4-405 of the Transportation Article of the Annotated Code of Maryland, as amended (the "Enabling Legislation"), (ii) certain resolutions of the Authority and (iii) the Trust Agreement dated as of December 1, 2003 between the Authority and Manufacturers and Traders Trust Company (the "Trustee" and the "Registrar and Paying Agent"), as amended and supplemented (the "Trust Agreement"). A summary of certain provisions of the Trust Agreement is set forth in Appendix A and, unless otherwise indicated, terms used but not otherwise defined herein have the meanings assigned to such terms in the Trust Agreement. See "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" in Appendix A.

The Authority previously issued its Variable Rate Passenger Facility Charge Revenue Bonds, Baltimore/Washington International Airport Facility Projects, Series 2003A (Governmental Purpose Bonds) (the "Series 2003A Bonds"), its Variable Rate Passenger Facility Charge Revenue Bonds, Baltimore/Washington International Airport Facility Projects, Series 2003B (Qualified Airport Bonds – AMT) (the "Series 2003B Bonds" and, together with the Series 2003A Bonds, the "Series 2003 Bonds"), its Passenger Facility Charge Revenue Bonds, Series 2012A (the "Series 2012A Bonds"), its Passenger Facility Charge Revenue Bonds, Series 2012B (the "Series 2012B Bonds") and its Variable Rate Passenger Facility Charge Revenue Bonds, Baltimore/Washington International Airport Facility Projects, Series 2012C (Qualified Airport Bonds – AMT) (the "Series 2012C Bonds" and, together with the Series 2012B Bonds, the "Series 2012B-C Bonds") under the Trust Agreement. As of November 1, 2014, $47,275,000 principal amount of the Series 2012A Bonds, $86,610,000 principal amount of the Series 2012B Bonds and $43,400,000 principal amount of the Series 2012C Bonds remain outstanding. The Series 2003 Bonds are no longer outstanding.

The Authority

The Authority, an agency of the State of Maryland (the "State"), acting on behalf of the Department, is authorized under the Enabling Legislation to finance the cost of transportation facilities projects through the issuance of revenue bonds. The Authority currently owns, operates and maintains certain revenue-producing transportation facilities projects, the revenues from which will not be available to make any payments with respect to the Bonds. See "THE AUTHORITY."

BWI Marshall Airport

Baltimore/Washington International Thurgood Marshall Airport ("BWI Marshall Airport" or "BWI Marshall") is one of three major airports serving the Washington-Baltimore metropolitan area. BWI Marshall Airport is located on a 3,200-acre site in Anne Arundel County, Maryland between Baltimore, Maryland and Washington, D.C. BWI Marshall Airport is owned by the State and operated by the Maryland Aviation Administration (the "MAA"). See "BALTIMORE/WASHINGTON INTERNATIONAL THURGOOD MARSHALL AIRPORT - General." BWI Marshall Airport is served by nine major/national passenger airlines, as well as eleven regional/commuter airlines, four international carriers and four all-cargo carriers. During Fiscal Year 2014, total domestic and international enplanements at BWI Marshall Airport were 11,139,583. See "BALTIMORE/WASHINGTON INTERNATIONAL THURGOOD MARSHALL AIRPORT."

The Air Service Area

BWI Marshall Airport is in the Washington-Baltimore metropolitan area, the fourth largest and wealthiest metro area in the United States. BWI Marshall draws the majority of its passengers from the Washington-Baltimore area; however, many passengers from Southern Pennsylvania and Delaware also use BWI Marshall due to its combination of convenient highway and rail access, low fares and "easy come, easy go" reputation (collectively, the "Air Service Area").

Agreement with Airlines

The MAA has entered into a Use and Lease Agreement (the "Airline Agreement") with nine airlines operating at BWI Marshall Airport, including, Air Canada, Condor Airlines, JetBlue Airways, American Airlines, British Airways, Delta Air Lines, Spirit Airlines, United Airlines and Southwest Airlines, as well as cargo airlines Federal Express and United Parcel Services (collectively, the "Signatory Airlines"). The current term of Airline Agreement commenced on July 1, 2014, and extends through June 30, 2019. For Fiscal Year 2014, the Signatory Airlines accounted for approximately 99.3% of total enplaned passengers at BWI Marshall Airport. See "AIRPORT AGREEMENTS – Airline Agreement" for more detailed discussion.

Use of Proceeds of the Bonds

The proceeds of the Bonds will be used to: (i) finance a portion of the costs of construction of airport facilities projects located at BWI Marshall Airport (the "Project"), (ii) fund a debt service reserve fund for the Bonds, and (iii) pay certain costs of issuance of the Bonds. See "THE PROJECT" and "SOURCES AND USES OF FUNDS."

Description of the Project

The Project consists of various interrelated passenger facility charge projects to provide a connector between concourses D and E in the D/E portion of the passenger terminal complex, together with other improvement projects at the BWI Marshall Airport. For a detailed description of the Project, see "THE PROJECT" herein.

Security for the Bonds

The Bonds will be secured equally and ratably on parity with the Series 2012A Bonds, the Series 2012B-C Bonds and any other Additional Bonds by the Pledged Revenues, consisting of (i) $4.50 of the Passenger Facility Charges ("PFCs") collected from eligible enplaning passengers on and after July 1, 2004 payable to the MAA net of airline retention (the "Pledged PFCs") and (ii) interest earnings on certain funds and accounts established under the Trust Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Bonds are limited obligations of the Authority payable solely from Pledged Revenues and shall not be deemed (i) to be general obligations of the Authority, (ii) to constitute obligations of the Department, (iii) to constitute obligations of the MAA or (iv) to constitute a debt or a pledge of the faith and credit of the State or any political subdivision thereof. None of the Authority, the Department or the MAA has taxing power.

The Bonds are not secured by any mortgage or other interest in the Project, nor are they secured by any pledge of revenues from the Project or any other revenues of the MAA besides the Pledged Revenues. See "THE 2014 LEASE AND ASSIGNMENT AGREEMENT AND THE 2014 FINANCING AGREEMENT" for a more detailed description of the agreements between the Authority and the MAA.

Certain Other Agreements between the Authority and the MAA

In connection with the issuance of the Series 2012A Bonds, the Authority, the State and the MAA entered into a Lease of Airport Facilities Projects at the Baltimore/Washington International Thurgood Marshall Airport and Assignment of Passenger Facility Charges pursuant to which (i) the MAA leased the site of the facilities financed with the proceeds of the Series 2012A Bonds to the Authority, and the Authority subleased the site and improvements back to the MAA; and (ii) the State, through the MAA, confirmed and extended its assignment of the Pledged PFCs to secure the Series 2012A Bonds on parity with the Series 2003 Bonds.

In connection with the issuance of the Series 2012B-C Bonds, the Authority, the State and the MAA entered into a Lease of Airport Facilities Projects at the Baltimore/Washington International Thurgood Marshall Airport and Assignment of Passenger Facility Charges pursuant to which (i) the MAA leased the site of the facilities financed with the proceeds of the Series 2012B-C Bonds to the Authority, and the Authority subleased the site and improvements back to the MAA; and (ii) the State, through the MAA, confirmed and extended its assignment of the Pledged PFCs to secure the Series 2012B-C Bonds on parity with the Series 2003 Bonds and the Series 2012A bonds.

In connection with the financing of the Project, the Authority, the State and the MAA will enter into a Lease of Airport Facilities Projects at the Baltimore/Washington International Thurgood Marshall Airport and Assignment of Passenger Facility Charges (the "2014 Lease and

Assignment Agreement") pursuant to which (i) the MAA will lease the site of the Project to the Authority, and the Authority will sublease the site and improvements back to the MAA, and (ii) the State, through the MAA, will confirm and extend its assignment of Pledged PFCs to secure the Bonds on parity with the Series 2012A Bonds and the Series 2012B-C Bonds. The State of Maryland Board of Public Works approved the 2014 Lease and Assignment Agreement on November 12, 2014. In addition, the Authority and the MAA will enter into an Agreement on Financing Airport Facilities Projects at Baltimore/Washington International Thurgood Marshall Airport (the "2014 Financing Agreement") under which the Authority will agree to finance the Project, and the MAA will agree to develop, construct, operate and maintain the Project on behalf of the Authority. See "THE 2014 LEASE AND ASSIGNMENT AGREEMENT AND THE 2014 FINANCING AGREEMENT."

Additional Parity Indebtedness

Under the Trust Agreement, the Authority may issue other Additional Bonds on parity with the Series 2012A Bonds, the Series 2012B-C Bonds and the Bonds, subject to the satisfaction of certain conditions. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Bonds" and "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" in Appendix A.

Investment Considerations

The Bonds may not be suitable for all investors. Prospective purchasers of the Bonds should read this Official Statement in its entirety. For a discussion of certain investment considerations relating to the Bonds, see "INVESTMENT CONSIDERATIONS."

Additional Information

This Official Statement contains brief descriptions of, among other things, the Bonds, the Trust Agreement, the Authority, BWI Marshall Airport and the Project. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to laws and documents are qualified in their entirety by reference to such laws and documents; references to the Bonds are qualified in their entirety by reference to the form of the Bonds included in the Trust Agreement. Copies of the Trust Agreement and other agreements described in this Official Statement may be obtained upon written request from the Executive Director of the Authority.

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SOURCES AND USES OF FUNDS

The following is a description of the expected uses of the proceeds of the Bonds.

Sources of funds:	
Par Amount of the Bonds	$40,000,000
Net Original Issue Premium	1,543,188
Total sources of funds	$41,543,188
Uses of funds:	
Construction Account Deposit	$37,914,870
Underwriter's Discount	821,204
Series 2012/14 Debt Service Reserve Fund	2,807,114
Total uses of funds	$41,543,188

THE BONDS

Details of the Bonds

The Bonds are issuable as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof. The Bonds are dated as of the date of their delivery and will mature on June 1 of the years and in the principal amounts shown on the inside front cover of this Official Statement. The Bonds shall bear interest from their date until paid at the rate or rates set forth on the inside front cover (computed on the basis of a 360-day year composed of twelve 30-day months) payable on June 1, 2015 and semiannually thereafter on June 1 and December 1 of each year (the "Interest Payment Dates").

So long as the Bonds shall be maintained under a book-entry system, payments of the principal of, premium, if any, and interest on the Bonds will be made as described below under the heading "DTC and Book-Entry Only System." At any other time, interest on the Bonds will be payable by electronic funds transfer on each Interest Payment Date, or the next Business Day if such Interest Payment Date is not a Business Day, to each registered owner thereof at the address of such owner as it appears on the registration books of the Registrar and Paying Agent at the close of business on the 15th day of the month immediately preceding the Interest Payment Date (the "Record Date"), and the principal of the Bonds will be payable upon presentation and surrender of the Bonds, when due, at the designated corporate trust office of the Trustee.

Redemption

Optional Redemption

Bonds maturing on or after June 1, 2024 are subject to redemption on or after June 1, 2023 in whole or in part at any time at the option of the Authority, at a Redemption Price equal to 100% of the principal amount thereof, together with interest accrued to the date fixed for redemption.

Mandatory Sinking Fund Redemption

Bonds maturing on June 1, 2034 are required to be redeemed prior to maturity, at a Redemption Price of 100% of the principal amount thereof, plus interest accrued to the redemption date, from mandatory Sinking Fund Installments due on June 1 of the years and in the amounts as follows:

Term Bond Due June 1, 2034

Year	Sinking Fund Installments
2032	$2,625,000
2033	2,730,000
2034	2,840,000*

* Final maturity.

In the event that Bonds maturing on June 1, 2034 are subject to redemption at the option of the Authority, an amount equal to the principal amount of the Bonds so redeemed shall be credited toward remaining Sinking Fund Installments for such Bonds in such order and amount as the Authority shall specify.

Redemption of Bonds Subject to Deposit of Funds and Other Conditions

Any redemption of Bonds (other than redemption from the Sinking Fund Installments for such Bonds) shall be subject to the deposit of funds for such redemption by or on behalf of the Authority and may be subject to such other conditions as the Authority shall determine.

Selection of Bonds to Be Redeemed

If fewer than all of the Bonds shall be called for redemption (other than redemption from the Sinking Fund Installments for such Bonds), then the Series and maturities of the Bonds to be redeemed shall be selected by the Authority.

So long as the Bonds are maintained under a book-entry system, the selection of individual ownership interests in the Bonds of any one maturity to be credited with any partial redemption or purchase shall be made as described below under "DTC and Book-Entry Only System" except as otherwise directed by the Authority.

If fewer than all of the Bonds of any one maturity shall be called for redemption during any other period, the Trustee shall select or cause to be selected the particular Bonds or portions of the Bonds to be redeemed from such maturity as shall be directed by the Authority or, in the absence of any such direction, by lot or in such other manner as the Trustee in its discretion may deem proper.

Notice of Redemption

So long as the Bonds are maintained under a book-entry system, notice of the call for any redemption of the Bonds shall be given as described below under "DTC and Book-Entry Only System." At any other time, the Trustee shall mail notice of the call for any redemption at least 20 days before the redemption date to the registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Trustee, but failure to mail any such notice to any of such registered owners or any defect in any notice shall not affect the validity of the proceedings for the redemption of any Bonds.

Effect of Call for Redemption

The Bonds so called for redemption will cease to bear interest on the specified redemption date and shall no longer be secured by the Trust Agreement, provided that funds for such redemption shall be on deposit at that time with the Trustee and that all conditions to such redemption shall have been satisfied.

Registration and Exchange of Bonds

So long as the Bonds are maintained under a book-entry system, Beneficial Owners (herein defined) thereof will have no right to receive physical possession of the Bonds, and transfers of ownership interests in the Bonds will be made through book-entries by The Depository Trust Company and the Direct Participants (herein defined). See "DTC AND BOOK-ENTRY ONLY SYSTEM" below.

If the book-entry system is discontinued, upon surrender of the Bonds at the designated office of the Registrar and Paying Agent, together with an assignment duly executed by the registered owner or the attorney or legal representative of such owner in such form as shall be satisfactory to the Registrar and Paying Agent, such Bonds will be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any authorized denomination or denominations, and bearing interest at the same rate as the Bonds surrendered for exchange.

The transfer of any Bond may be registered only upon the books kept for the registration and transfer of the Bonds upon surrender of such Bond to the Registrar and Paying Agent, together with an assignment duly executed by the registered owner or the attorney or legal representative of such owner in such form as shall be satisfactory to the Registrar and Paying Agent.

Upon any exchange or registration of transfer, the Authority shall execute, and the Registrar and Paying Agent shall authenticate and deliver in exchange for such Bond, within a commercially reasonable time according to then-prevailing industry standards, a new Bond or Bonds, registered in the name of the transferee, of any authorized denomination or denominations, in aggregate principal amount equal to the principal amount of the Bond surrendered, of the same maturity and bearing interest at the same rate.

The Authority or the Registrar and Paying Agent may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any Bondholder for the privilege of exchanging or registering the transfer of Bonds under the provisions of the Trust Agreement.

DTC and Book-Entry Only System

The Depository Trust Company

The information in this section has been obtained from sources that the Authority believes to be reliable, but the Authority does not take any responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate for each maturity of each of the Bonds will be issued in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of United States ("U.S.") and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (each a "Beneficial Owner") is in turn recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest payments on the Bonds will be made to Cede & Co., or such other DTC nominee. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority, or the Registrar and Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC, the Registrar and Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other DTC nominee) is the responsibility of the Authority or the Registrar and Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Registrar and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information provided above under this caption has been provided by DTC. No representation is made by the Authority as to the accuracy or adequacy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date hereof. Neither the Authority nor the Trustee will have any responsibility or obligation to the Direct Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of or premium, if any, or interest on the Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Trust Agreement to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an omnibus proxy.

Special Considerations

Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge Bonds to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such Bonds, may be limited due to the lack of a physical certificate for such Bonds.

Under its current procedures, DTC does not automatically forward redemption and other notices to its Direct Participants who have Bonds credited to their accounts. Rather, a notice that DTC has received a notice is entered onto an electronic computer network which DTC shares with its Direct Participants, and such Direct Participants may obtain the full text of such notices upon request. The Authority and the Registrar and Paying Agent have no control over whether or how timely redemption and other notices are made available by DTC to its Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners of the Bonds.

Termination of Book-Entry Only System

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In the event that the book-entry only system is discontinued, the Bonds will be delivered by DTC to the Trustee and such Bonds will be exchanged for Bonds registered in the names of the Direct Participants or the Beneficial Owners identified to the Trustee. In such event, certain provisions of the Bonds pertaining to ownership of the Bonds will be applicable to the registered owners of the Bonds as described above under the heading “THE BONDS – Registration and Exchange of Bonds.”

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The principal of and interest on the Bonds are payable solely from the Pledged Revenues pledged and assigned by the Authority to the Trustee pursuant to the Trust Agreement. The Bonds are limited obligations of the Authority and do not constitute a debt or a pledge of the faith and credit of the State, the Department or the MAA, and neither the faith and credit nor the taxing power of the State nor the revenues of the Department, the MAA or the Authority (other than the Pledged Revenues) are pledged to the payment of the principal of or the interest on the Bonds. Neither the Authority nor the Department nor the MAA has taxing power.

The Trust Agreement does not convey title to or mortgage the Project or any other property of BWI Marshall Airport. The Authority, the Department and the MAA have no obligation to rebuild any damaged or destroyed Airport Facilities Project regardless of the existence of insurance proceeds. The Bonds are not secured by a pledge of revenues of any facilities (other than the Pledged Revenues), and no such revenues will be available to pay debt service on the Bonds.

Pledged Revenues

Pursuant to the 2014 Lease and Assignment Agreement, the State through the MAA has confirmed and extended its assignment to the Authority of all of its right, title and interest in the Pledged PFCs and any security therefor, including the right of the MAA to Pledged PFCs and any payment bonds or performance bonds delivered to the MAA to secure the obligations of the airline operators to the MAA in respect of the Pledged PFCs, and all rights to receive the same, whether in the form of accounts receivable, contract rights, general intangibles or other rights, and the proceeds of such rights, whether now existing or hereafter coming into existence or whether now owned or held or hereafter acquired.

Deposit of Pledged Revenues

As contemplated by the 2014 Lease and Assignment Agreement, under the 2014 Financing Agreement, the MAA will agree that Pledged PFCs remitted by airlines in accordance with Federal Aviation Regulation Part 158 will continue to be transferred by or at the direction of the MAA to the Trustee for deposit in the PFC Revenue Fund. Amounts so deposited each month will be (i) transferred to the Bond Funds created for each Series of bonds outstanding under the Trust Agreement, in an amount equal to respective amounts of the monthly debt service accruing on such Series, (ii) applied to the payment of Administrative Expenses, (iii) applied to cure certain deficiencies in the Debt Service Reserve Funds created for each Series of bonds under the Trust Agreement, and (iv) thereafter applied for such other purposes specified in the Trust Agreement. Any balance remaining in the Pledged Revenue Fund in any month will be deposited in the Facility Improvements Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Deposit of Pledged Revenues" in Appendix A.

The 2012/14 Debt Service Reserve Fund

The 2012/14 Debt Service Reserve Fund (formerly designated the 2012 Debt Service Reserve Fund and, before that, the 2012A Debt Service Reserve Fund) secures the Series 2012A Bonds, the Series 2012B-C Bonds and the Bonds. Upon the delivery of the Bonds, there will be deposited into the 2012/14 Debt Service Reserve Fund an amount necessary to make the amount on deposit therein equal to the 2012/14 Debt Service Reserve Fund Requirement on all outstanding bonds secured by the 2012/14 Debt Service Reserve Fund.

Under the Trust Agreement, the 2012/14 Debt Service Reserve Fund may secure other Additional Bonds provided that upon the issuance of such Additional Bonds, there is deposited therein the amount required to make the amount on deposit in the 2012/14 Debt Service Reserve Fund equal to the 2012/14 Debt Service Reserve Fund Requirement, after giving effect to the issuance of such Additional Bonds. The Trust Agreement establishes the 2012/14 Debt Service Reserve Fund Requirement for the 2012/14 Debt Service Reserve Fund as an amount equal to the least of (i) 10% of the proceeds of the bonds secured thereby, (ii) Maximum Annual Debt Service on all outstanding bonds secured thereby and (iii) 125% of the average annual debt service requirements of all bonds secured thereby. See "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Additional Bonds" in Appendix A.

Holders of the Bonds may not look to any other Debt Service Reserve Fund created under the Trust Agreement for payment.

The Authority may provide for the delivery to the Trustee of a Debt Service Reserve Fund Credit Facility in substitution for amounts initially deposited in the 2012/14 Debt Service Reserve Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – 2012/14 Debt Service Reserve Fund" in Appendix A.

If as a result of any withdrawal from the 2012/14 Debt Service Reserve Fund, the amount credited thereto is less than the 2012/14 Debt Service Reserve Fund Requirement, the Trustee is required under the Trust Agreement to transfer from the Pledged Revenue Fund in each month such amount as will cure the deficiency within 12 months. The Trust Agreement also contains provisions which require the Trustee to make certain transfers from the Pledged Revenue Fund to the 2012/14 Debt Service Reserve Fund in the event of certain investment losses and in the event that any Debt Service Reserve Fund Credit Facility fails to qualify to be credited to the 2012/14 Debt Service Reserve Fund.

Additional Bonds

Under the Trust Agreement, the Authority may issue other Additional Bonds on parity with the Series 2012A Bonds, the Series 2012B-C Bonds and the Bonds, subject to the satisfaction of certain conditions. See "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Authorization of Additional Bonds; Conditions Precedent to Delivery of Additional Bonds" in Appendix A.

Events of Default and Remedies; No Acceleration

The Bonds may *not* be accelerated upon the occurrence of an Event of Default under the Trust Agreement. The remedies for Events of Default are limited to such suits, actions or special proceedings, at law or in equity, for enforcement. As a result, the MAA may be able to continue indefinitely collecting revenues and applying them to the operation of BWI Marshall Airport even if an Event of Default has occurred and no payments are made on the Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT" in Appendix A.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an Appendix D to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA")and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On November 13, 2014, KBRA assigned an insurance financial strength rating of "AA+" (stable outlook) to AGM. AGM can give no assurance as to any further ratings action that KBRA may take.

On July 2, 2014, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On July 2, 2014, Moody's issued a rating action report stating that it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Capitalization of AGM

At September 30, 2014, AGM's policyholders' surplus and contingency reserve were approximately $3,683 million and its net unearned premium reserve was approximately $1,810 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (filed by AGL with the SEC on February 28, 2014);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 (filed by AGL with the SEC on May 9, 2014);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014 (filed by AGL with the SEC on August 8, 2014); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 (filed by AGL with the SEC on November 7, 2014).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and Appendix D.

THE AUTHORITY

General

The Authority was established by the Maryland General Assembly on July 1, 1971. Pursuant to the Enabling Legislation, the Authority is responsible for the supervision, financing, construction, operation, maintenance and repair of certain revenue-producing transportation facilities projects.

Relationship of the Department and the Authority

The Department is responsible for all State-owned transportation facilities and programs (except for the transportation facilities projects of the Authority), including the planning, financing, construction, operation and maintenance of various transportation facilities and the performance of related licensing and administrative functions. The modal administrations of the Department created by statute are the MAA, the Maryland Port Administration, the Motor Vehicle Administration, the Maryland Transit Administration and the State Highway Administration. The Department provides funds for the construction and operation of transportation facilities through a combination of taxes and fees, user charges, federal aid and bond proceeds credited to and expended from the Transportation Trust Fund of the Department.

Acting on behalf of the Department, the Authority has various powers and duties relating to the supervision, financing, construction, operation, maintenance and repair of transportation facilities projects. In addition to its existing transportation facilities projects, the Authority may authorize the acquisition, financing, or construction of any other projects for transportation facilities, including vehicle parking, highway, airport, port, rail and transit facilities, as "transportation facilities projects." The Authority is empowered to finance the cost of transportation facilities projects by the issuance and sale of revenue bonds, notes, or other obligations. The Maryland Secretary of Transportation, by statute, is the Chairman of the Authority.

Authority Membership

The Authority comprises the Maryland Secretary of Transportation, as Chairman, and eight members appointed by the Governor of Maryland with the advice and consent of the Maryland Senate. The Chairman, James T. Smith, Jr., serves at the pleasure of the Governor. The Authority acts by motions or resolutions that must be adopted by the affirmative vote of a majority of the appointed members of the Authority and concurred in by the Chairman.

The appointed members of the Authority, their principal occupations and the expiration of their terms of office are:

Michael J. Whitson – Member since May 2007; Term expires June 30, 2016.
President of Tri-County Abstract, Inc., a titling firm.

Rev. Dr. William C. Calhoun, Sr. – Member since May 2007; Term expires June 30, 2016.
Pastor and civic leader. Rev. Calhoun was previously a member of the Authority from 1999-2005.

Peter J. Basso – Member since August 2007; Term expires June 30, 2015.
Senior advisor in the strategic consulting group at Parsons Brinkerhoff; former Chief Operating Officer and Business Development Director of the American Association of State Highway and Transportation Officials (AASHTO) and former Assistant Secretary for the Budget and Programs and Chief Financial Officer of the United States Department of Transportation.

Mary Beyer Halsey – Member since July 2007; Term expires June 30, 2015.
President and Chief Executive Officer of Ascher Advisors, LLC., a financial consulting practice. Retired President and Chief Executive Officer of Cecil Bank and Cecil Bancorp, Inc., a commercial bank.

A. Bradley Mims – Member since April 2011; Term expires June 30, 2016.
Partner with Federal Advocates, Inc., providing legislative, federal government and transportation-industry government affairs services for clients throughout the U.S.

Arthur Hock – Member since October 2011; Term expires June 30, 2015.
Owner of a real estate/property management business. Previously managed an excavation contracting business and was a retail business owner in addition to serving in the US Navy.

William K. Hellmann – Member since March 2013; Term expires June 30, 2016.
Former Secretary of the Maryland Department of Transportation (1984-1987) and Partner Emeritus of RK&K. Previously served as Chief of the Interstate Division for Baltimore City.

Katrina J. Dennis – Member since June 2014; Term expires June 30, 2015.
Shareholder with the Baltimore law firm of Jackson Lewis, P.C. Lawyer who focuses on employment and labor law.

As of January 1, 2007, each appointed member serves for a term of four years and until a successor is appointed and qualified. An appointed member may not serve more than three consecutive terms. The members of the Authority receive nominal compensation for their services, as well as reimbursement for expenses incurred in the performance of their duties.

The Authority meets once a month in a public meeting to approve Authority contracts and to review and determine policies affecting the operation and management of the facilities owned and operated by the Authority. The day-to-day operation of such facilities is performed by the management and staff of the Authority, supervised by the Authority's Executive Director.

Organization of the Authority Staff

The Executive Director of the Authority is appointed by and reports directly to the Chairman and members of the Authority. The Executive Director, as the Chief Executive Officer, is responsible for the overall operation, maintenance and coordination of all Authority facilities and functions and is accountable to the Chairman and members of the Authority. Functions and divisions directly supervised by the Executive Director include the Office of Audits, Division of Operations (including E-Z Pass®), the Office of Legal Counsel, the Division of Civil Rights and Fair Practices, the Division of Equal Employment Opportunity and Diversity Programs, the Division of Communications, and the Authority Police.

The Deputy Executive Director functions as the second in command and currently has specific responsibility for the following Divisions: Finance, Administration (including Human Resources and Workforce Development, Information Technology, Procurement, Asset Control and Damage Recovery, and Business Planning, Policy and Performance), Office of Environmental Safety and Risk Management, Coordinator of the Intercounty Connector ("ICC") and Special Projects, Planning and Program Development, and Office of Engineering and Construction.

As of June 30, 2014, 1,789.5 full-time and part-time employee positions were authorized by the Authority (including the Maryland Transportation Authority Police force), of which 1,623.5 positions were filled.

The Maryland Office of the Attorney General assigns staff to provide legal counsel to the Authority.

Management

The following comprise the management of the Authority responsible in connection with the issuance of the Series 2014 Bonds:

James T. Smith, Jr., Chairman: Mr. Smith was appointed Secretary of the Department by Governor Martin O'Malley on May 29, 2013. As Secretary, Mr. Smith oversees a $4.4 billion annual budget and manages more than 10,000 employees from all Administrations and the Authority. As Secretary, Mr. Smith also serves as Chairman of the Authority, owner and operator of the State's toll facilities, and Chairman of the Maryland Port Commission and the Maryland Aviation Commission. Prior to accepting the position as Secretary, Mr. Smith was a practicing attorney with the Towson law firm of Smith, Gildea & Schmidt, LLC. As Secretary, Mr. Smith is returning to public service; previous public service positions include: 8 years as County Executive for Baltimore County, 16 years as associate judge on the Circuit Court for Baltimore County and 7 years on the Baltimore County Council, including 2 years as County Council Chairman. Mr.

Smith also has served with State and regional organizations and committees including: The Baltimore Metropolitan Council (Chair 2005 and 2010), The Maryland Association of Counties (President 2008), The Baltimore Regional Transportation Board (Chair 2010), Advisory Council for Port Land-Use Development (2002 to 2005), Fort George G. Meade Regional Growth Management Committee (2007 to 2010) and The Local Government Subcommittee of the Base Realignment and Closure Subcabinet (2007 to 2010). He currently serves on numerous boards including: the University of Maryland Medical System, Shock Trauma, St. Joseph's Medical Center, the Baltimore Symphony Orchestra, Wheeling Jesuit University and on the Board of Visitors of Towson University. Mr. Smith has a Bachelor of Arts degree from Wheeling Jesuit University and a Juris Doctor degree from the University of Maryland School of Law.

Bruce W. Gartner, Executive Director: Mr. Gartner was appointed Executive Director effective December 11, 2013. Mr. Gartner had been serving a dual role since June 2013 when he was named Acting Executive Secretary (former title for current Executive Director position) of the Authority while also serving as Assistant Secretary for Transportation Policy and Freight for the Department. Mr. Gartner has nearly 24 years of experience in transportation policy management. Before being named Director of the Department's Office of Policy and Governmental Affairs in 2007, he served at the Authority as its Director of Strategic Development for 4 years. Mr. Gartner also served in several other roles at the Department, including State Legislative Officer and Operating Budget Manager. Prior to joining the Department, he worked as the transportation budget analyst for the Maryland General Assembly. As Executive Director of the Authority, Mr. Gartner manages the agency's daily operations, including the nationally accredited Authority Police; a $285 million annual operating budget; and $1.9 billion six-year capital program. He also works with Authority Board members to establish policy and direction for the agency. Mr. Gartner graduated from the University of Rochester with a Bachelor of Arts in Political Science and a Master of Science in Public Policy Analysis.

Deborah E. Sharpless, CPA, Deputy Executive Director: Ms. Sharpless was appointed Deputy Executive Director effective June 1, 2012. Ms. Sharpless joined the Authority in September 2008 as its Chief Financial Officer. Ms. Sharpless has over 16 years of experience in governmental and enterprise fund accounting. Prior to joining the Authority, Ms. Sharpless held the positions of Controller and Internal Audit Chief for the Maryland State Lottery, an agency with annual revenue and assets in excess of $1.5 billion and $300 million, respectively. Ms. Sharpless began her career in public service as a legislative auditor and was responsible for overseeing a team of staff auditors in conducting performance, fiscal/compliance, and financial statement audits of governmental agencies. Ms. Sharpless was awarded her B.S. degree from the University of Baltimore with a summa cum laude distinction, and received her Master of Business Administration at the University of Baltimore /Towson University in May 2011.

Douglas M. Hutcheson, P.E., Chief Engineer: Mr. Hutcheson joined the Authority in March 2007, and was appointed Chief Engineer on October 27, 2010. He has over 30 years of engineering experience working on highway infrastructure construction, inspection and rehabilitation. As Chief Engineer, Mr. Hutcheson is responsible for the engineering and construction needs of the current and planned Authority facilities. He oversees the coordination of engineering and construction activities with operations and police functions during the design and construction processes - within the Authority and with other agencies and jurisdictions. The Division of Engineering and Construction is responsible for the inspection, evaluation, assessment, analysis, surveys, design, engineering, rehabilitation, construction and reconstruction of all infrastructure owned and operated by the Authority. Prior to joining the Authority, Mr.

Hutcheson served for 21 years in a variety of bridge and facility engineering and management roles with the Maryland State Highway Administration. He holds a Bachelor of Science degree in civil engineering from the University of Delaware.

Kimberly A. Millender, Esq., Principal Counsel: Ms. Millender was named Principal Counsel for the Authority in July 2013. Prior to her current position, Ms. Millender served as Deputy Counsel for the Authority starting in April 2011. Prior to her service with the Authority, Ms. Millender held positions in Carroll County serving as the County Attorney and an Assistant County Attorney for 15 years. As Principal Counsel for the Authority, Ms. Millender supervises the agency's legal staff and advises the Authority regarding litigation, contracts and procurement, public financing, police matters, real-estate and agency operations. She earned a Bachelor's degree in political science from Washington College in Chestertown, Maryland and her law degree from the University of Baltimore School of Law. Ms. Millender is a member of the Maryland State Bar.

Jaclyn D. Hartman, Chief Financial Officer: Ms. Hartman joined the Authority in October 2012 as Deputy Chief Financial Officer and was appointed Chief Financial Officer in August 2013. Prior to joining the Authority, she worked as a Senior Policy Analyst at the Maryland Department of Legislative Services ("DLS"). At DLS, Ms. Hartman had an oversight role of several State agencies, including the Authority, and was DLS' lead analyst on the legislative review and analysis of the State's public-private partnerships and the development of a statutory framework for such projects to take place. As Chief Financial Officer, Ms. Hartman manages and oversees the daily operations of the Authority's Finance Division with over $600 million in annual tolls, nearly $1 billion in investments, and $2.3 billion in toll-backed outstanding revenue bonds. Ms. Hartman was awarded her B.A. degree in Political Science from Elon University and her Master of Public Policy degree from the University of Maryland, College Park. Her professional memberships include the Maryland and national Government Finance Officers Association.

Joyce E. Diepold, CPA, Deputy Chief Financial Officer: Ms. Diepold joined the Authority in September 1985. Ms. Diepold has over 29 years of experience in the Finance Division of the Authority and has worked in banking, investments, and financial reporting. Ms. Diepold was instrumental in the automation of accounting systems. As Deputy Chief Financial Officer, she manages the daily operations of the Revenue and General Accounting sections of the Authority's Finance Division. She received a B.S. degree in Accounting from Towson University and her Master of Science in Finance from Loyola University Maryland. Ms. Diepold's professional memberships include: Maryland Government Finance Officers Association, Maryland Association of Certified Public Accountants, and the Government Finance Officers Association.

Chantelle M. Green, Deputy Chief Financial Officer: Ms. Green joined the Authority in November 2014. As Deputy Chief Financial Officer, she manages the daily operations of the Budget, Debt and Treasury sections of the Authority's Finance Division. Prior to joining the Authority, she served as a Senior Policy Analyst with the Maryland Department of Legislative Services where she advised legislators on policy and budgetary matters relating to transportation, environment, personnel and public safety. She was also a Budget Analyst for several Maryland State agencies, including the Judiciary and the Maryland State Police. Ms. Green received her Master of Business Administration degree from Florida A&M University and a law degree from the University of Maryland. Ms. Green is a member of the Maryland State Bar.

Alison B. Williams, Director of Debt Management: Ms. Williams joined the Authority in February 2005. Ms. Williams has over 29 years of experience in debt management. Prior to joining the Authority, Ms. Williams was the Manager of Cash and Debt Administration at the Department. She joined the Department in October 1997, where she managed the $1 billion Consolidated Transportation Bond program. While at the Department, Ms. Williams participated in the issuance of other transportation debt, including revenue bonds issued by the Authority in 2002 and 2003 to provide financing for the expansion of BWI Marshall Airport. Ms. Williams received a Bachelor's degree from Towson University, holds a paralegal certificate in corporate law, and is a certified corporate trust specialist, having been a vice president and trust officer in the banking field prior to joining the Department. Ms. Williams is a member of WTS International (Baltimore Chapter) and the Maryland Government Finance Officers Association.

Allen W. Garman, Director of Treasury: Mr. Garman joined the Authority in June 2007 after 11 years at Legg Mason as a municipal credit analyst, portfolio manager and bond market strategist. His more than 20 years of investment industry experience also includes positions at Merrill Lynch and Nations Securities. Mr. Garman is charged with managing the Authority's investments and advising on bond financings and long-term leases. He received a Bachelor of Science degree in economics from the University of Baltimore and a Master of Science degree in finance from the University of Maryland. Mr. Garman's professional memberships include the CFA Institute, The Municipal Bond Club of Baltimore, and the Government Finance Officers Association (GFOA). He serves as a standing member of the National GFOA's Committee of Treasury and Investment Management, writing policy on industry best practices.

David W. Chapin, Coordinator for ICC and Special Projects: Since 2003, Mr. Chapin has coordinated various ICC related activities involving the Authority, the State Highway Administration and the Department. These activities include development of the conceptual finance plan for the project, development of the application for credit assistance under the federal program created by the Transportation Infrastructure Finance and Innovation Act of 1998, 23 U.S.C. §§ 181-189, as amended ("TIFIA"), preparations for issuance of Grant Anticipation Revenue Vehicle ("GARVEE") bonds, intergovernmental agreements (GARVEE MOA, Section 129 Agreement, project financing and implementation agreements), traffic and revenue studies, and toll policy development. He served as Assistant Secretary for Policy and Governmental Affairs for the Department from 1994 to 2003 and Director of its Office of Policy and Program Analysis from 1984 to 1993. Additionally, between 1988 and 1992, Mr. Chapin coordinated the efforts of the Maryland Stadium Authority, the Department and the City of Baltimore in developing and implementing transportation improvements and operations plans for the Camden Yards sports complex in Baltimore City. He holds a Bachelor of Arts degree from Princeton University.

MARYLAND AVIATION ADMINISTRATION

General

The Maryland General Assembly established the MAA on July 1, 1971. The MAA, as provided by Title 5 of the Transportation Article of the Annotated Code of Maryland, as amended, is responsible for fostering and developing aviation activity and facilities throughout the State and operating State-owned airports. By legislative action in the 1972 Session of the General Assembly, ownership of BWI Marshall Airport was acquired by the State from the City of Baltimore on July 26, 1972 and responsibility for its operation, maintenance, protection and development was assigned to the MAA. Martin State Airport ("Martin Airport") was purchased by the State on July 1, 1975. The MAA operates Martin Airport as a joint facility, serving the needs of private and corporate aircraft owners and two squadrons of the Maryland Air National Guard and the Maryland State Police. Martin Airport also serves as a federally designated reliever airport for noncommercial air carrier traffic at BWI Marshall Airport.

The MAA Staff

The Chief Executive Officer is responsible for carrying out the powers and duties vested by law in the MAA and for adopting and carrying out regulations.

The Executive Office includes four Officers: the Chief Financial Officer, the Chief Operating Officer, the Chief Engineer and the Chief Administrative Officer. The Executive Office also includes the Office of Air Service Development and Strategic Analysis; the Office of Regional Aviation Assistance; and the Office of the Attorney General.

Within the Office of the Chief Engineer are the Office of Planning and Environmental Services; Office of Noise and Land Use Compatibility; and the Office of Design and Construction.

Within Operations and Maintenance are the Office of Airport Operations; Office of Airport Security; the Office of Transportation and Terminal Services; the Baltimore/Washington Fire and Rescue Department; the Office of Maintenance and Utilities; and Martin Airport.

Within the Office of the Chief Financial Officer are the Office of Commercial Management; the Office of Marketing, Sales and Communications; the Office of Capital Programs; the Office of Finance; and the Office of Procurement.

Within the Office of the Chief Administrative Officer are the Office of Technology; the Office of Safety, Training and Risk Management; the Office of Business Relations; the Office of Fair Practices; and the Office of Human Resources.

The following comprise the principal managerial staff of the MAA:

Paul J. Wiedefeld, A.A.E., Chief Executive Officer/Executive Director: Mr. Wiedefeld was appointed Executive Director of the MAA in December 2010. With this appointment, Mr. Wiedefeld returned to the post he held from 2002 to 2005. As the Chief Executive Officer /Executive Director, he oversees the management of BWI Marshall Airport and Martin Airport while administering technical and financial assistance to public-use general aviation airports across the State. Prior to his appointment, Mr. Wiedefeld served as Administrator of the Maryland Transit Administration from 2007 to 2009. Prior to 2007, Mr. Wiedefeld served as Senior Vice President with the international transportation planning and engineering firm Parsons Brinckerhoff ("PB") where he was responsible for all business management activities in the Mid-Atlantic Region. From 2002 until his return to PB in 2006, he held the position of CEO/Executive Director of the MAA where he managed the operations of BWI Marshall Airport through the largest expansion in airport history. From 1991 to 1994, Mr. Wiedefeld was Director of the Department's Office of Systems Planning and Evaluation. Mr. Wiedefeld began his transportation career in 1981 holding various positions in local and regional government before beginning his tenure with the Department. Mr. Wiedefeld received a Bachelor of Science degree in Political Science from Towson University and a Master's degree in City and Regional Planning from Rutgers University.

James G. Walsh, A.A.E., Chief Financial Officer: Mr. Walsh was appointed Chief Financial Officer in November 2012. He returns to a position that he held from 2004 to 2009 and is responsible for all financial, commercial and marketing operations. Mr. Walsh has 25 years of experience in airport management and consulting. He began his aviation career in 1988 with the Port Authority of New York & New Jersey's Aviation Department, mostly at John F. Kennedy International Airport (JFK) in the Business & Administration Division. In 1996, he joined Landrum & Brown and became a Director in the airport finance practice advising numerous airport clients on financial, property, economic, forecasting and rate setting issues. After his initial tenure at BWI Marshall Airport, Mr. Walsh re-joined Landrum & Brown in 2009 as its Vice President – Financial Planning and Forecast Division where he led the firm's consulting engagements related to financial feasibility, benefit-cost analysis, and capital program modeling among other financial and economic services. Mr. Walsh received Bachelor and Master of Science degrees in economics from Fordham University in New York. Mr. Walsh is also an Accredited Airport Executive and a graduate of Airport Council International's Airport Executive Leadership Program. He is also a member of the Board for the Northeast Chapter of the American Association of Airport Executives.

Edward P. Carey, C.M., Chief Administrative Officer: Mr. Carey began work at the MAA in 1984 as an aviation planner and managed the MAA's aviation planning group from 1989 to 1995. From 1995 through 1999, he served as Senior Aviation Planner for the Metropolitan Washington Airports Authority, where he was involved in planning and development of a $2 billion capital program for both Reagan National and Dulles International Airports. In 1999, he returned to the MAA as Director of Aviation Noise and Abatement. From 2000 to 2002 he served as Chief of Staff for the MAA, and from 2002 to 2005, he was the Director of Aviation Technology. In 2005, he became the Chief Administrative Officer. Mr. Carey received a Bachelor of Science degree in Planning from the University of Maryland College Park.

Wayne S. Pennell, A.A.E., Chief Operating Officer: Mr. Pennell was appointed Chief Operating Officer for the MAA in July 2003. Prior to his appointment at the MAA, Mr. Pennell served as the Area General Manager for Signature Flight Support/ASIG from December 1989 to July 2003. As a U.S. Army Reserve Chief Warrant Officer – Aviator in the late 1980's, Mr. Pennell earned both rotorcraft and single/multi fixed wing commercial instrument pilot certifications. Mr. Pennell is an Accredited Airport Executive and a past president of the Northeast Chapter of the American Association of Airport Executives. Mr. Pennell has more than 30 years of aviation management experience.

Paul L. Shank, P.E., C.M., Chief Engineer: Mr. Shank is the Chief Engineer at the Maryland Aviation Administration overseeing the planning, design and construction of the airport's multi-hundred million-dollar capital improvement and systems preservation programs at Baltimore/Washington International Thurgood Marshall Airport and Martin State Airport. Mr. Shank has over 30 years of experience in airport development and associated transportation, commercial and institutional development. His accomplishments are measured in billions of dollars of airport and transportation related development projects completed throughout the United States and overseas. He is a licensed Professional Engineer and a Certified Member of the American Association of Airport Executives. Mr. Shank is also a licensed commercial pilot, flight instructor and aircraft owner. Aviation is his passion.

Louisa Goldstein, Principal Counsel: Ms. Goldstein has served as Principal Counsel for the MAA since February, 1989. As Principal Counsel, Ms. Goldstein supervises the activities of the MAA's legal staff, drafts and reviews agency contracts, supervises tort defense and contract claim litigation, and advises the MAA and its employees regarding federal law relating to airports, operations, security, management, financial, real estate, risk-management, environmental, land use and noise, procurement and personnel issues. Ms. Goldstein received a Bachelor of Arts degree from the American University, earned a Juris Doctor degree from the Washington College of Law, American University, and holds a Master of Taxation degree from the Georgetown University Law Center. She is a member of Airports Council International – North America Legal Steering Committee. She is a member of the Maryland and District of Columbia Bars.

Patrick Bradley, Director, Office of Finance: Mr. Bradley was promoted to Director, Office of Finance in December 2009. As Director, Office of Finance, Mr. Bradley has management responsibility for the Accounting, Budget, Audit and Financial Planning and Analysis departments. Prior to that, Mr. Bradley had served in an Acting capacity as Director, Office of Finance from September 2008 to November 2009, as Manager of Finance from 2003 to 2008 and as Budget Manager for 2002. Prior to his service with the MAA, Mr. Bradley held financial analysis and management positions with International Business Machines (IBM), the Coca Cola Company and America Online (AOL) as well as serving for six years as an officer in the United States Army. Mr. Bradley received a Bachelor of Science degree in Accounting from Arizona State University, a Master's of Science degree in Systems Management from the University of Southern California and a Master's of Business Administration degree from New York University.

BALTIMORE/WASHINGTON INTERNATIONAL THURGOOD MARSHALL AIRPORT

General

BWI Marshall Airport is one of the three major airports serving the Washington-Baltimore metropolitan area, which is the fourth largest population and travel market in the United States. Located 10 miles south of Baltimore and 25 miles north of Washington, D.C., BWI Marshall Airport is situated on a 3,200-acre site in Anne Arundel County, Maryland. BWI Marshall Airport is a major commercial air carrier airport, ranking 23rd in the U.S. based on total calendar year 2013 passenger traffic. More than 25 scheduled airlines, including commuter and cargo air carriers, serve BWI Marshall Airport and currently provide an average of 300 domestic and international flights daily. During Fiscal Year 2014, 22.2 million passengers used BWI Marshall Airport.

Air Service Area

BWI Marshall Airport is in the Washington-Baltimore metropolitan area, the fourth largest and wealthiest metro area in the United States. BWI Marshall draws the majority of its passengers from the Washington-Baltimore area, however many passengers from Southern Pennsylvania and Delaware also use BWI Marshall due to its combination of convenient highway and rail access, low fares and "easy come, easy go" reputation.

Recent Market Trends

During Fiscal Year 2014, approximately 11.1 million passengers enplaned at BWI Marshall Airport, a slight decrease of 1.3% compared to Fiscal Year 2013.

The large market area served by BWI Marshall Airport, combined with a convenient terminal layout, an uncongested airfield system, and close proximity to many East Coast destinations led Southwest to pick the BWI Marshall Airport as its first East Coast airport in September 1993. Southwest's decision to bring its high-frequency low cost service to BWI Marshall Airport has had a substantial, positive impact on BWI Marshall Airport's local origin and destination traffic base. From a modest beginning in 1993 with eight flights to two cities, Southwest has increased operations to a current summer peak of 218 daily flights to 60 destinations. Passenger enplanements for Southwest reached 7.9 million at BWI Marshall in Fiscal Year 2014. Southwest was subsequently joined at BWI Marshall by other low-cost carriers including JetBlue and Spirit.

In addition to the low-cost carriers, BWI Marshall is served by legacy mainline carriers American Airlines/US Airways, Delta Air Lines and United. These carriers and their affiliated regional partners enplaned nearly 2.7 million passengers at BWI Marshall in Fiscal Year 2014, and provided nonstop service to 18 destinations.

Several carriers offer international service from BWI Marshall. Air Canada has nonstop service from BWI Marshall to Toronto, with connections to points throughout Canada. British Airways provides BWI Marshall with daily nonstop service to London's Heathrow Airport. Scheduled service is offered by Southwest to Aruba, Bermuda, Cancun, Montego Bay, Nassau and Punta Cana. Southwest has also announced that it plans to begin daily nonstop service from BWI Marshall to San Jose, Costa Rica in March of 2015. Frontier provides seasonal service from BWI Marshall to Punta Cana, Dominican Republic. Condor offers twice-weekly seasonal nonstop service from BWI Marshall to Frankfurt, Germany. The closest alternative international facilities are Washington Dulles International Airport and Philadelphia International Airport.

Existing BWI Marshall Airport Facilities

The major airfield facilities at BWI Marshall Airport as of October 1, 2014 consist of three runways: east-west Runway 10/28 is currently 10,500 feet long and 150 feet wide; northwest-southeast Runway 15R/33L is 9,500 feet long and 150 feet wide; and northwest-southeast commuter Runway 15L/33R is 5,000 feet long and 100 feet wide. Runways 10/28, 15R/33L, and 15L/33R are all equipped with precision Instrument Landing Systems. Runway 10 is equipped with CAT II/III landing aids and the other runways are Category I qualified. Associated taxiways provide efficient access from the runways to the airline parking, general aviation, and air cargo ramps.

The passenger terminal, consisting of approximately 2.1 million square feet, comprises five concourses and 73 gates (68 jet and five commuter). The five commuter gates will close in November 2014 when US Airways relocates next to American Airlines on Concourse C. The terminal contains facilities for a number of activities, including baggage claim, federal inspection services, ground transportation, airline ticket counters, airline operations, food and beverage services, news and gift shops, retail, restrooms, telephones and public circulation areas.

The air cargo complex at BWI Marshall Airport comprises five buildings located adjacent to Aviation Boulevard (Md. Rte. 170), three buildings located on Terminal Road and one building located on Mathison Way. The nine buildings combined contain approximately 395,000 square feet of cargo building space.

General aviation facilities are located on the northeast side of BWI Marshall Airport. These general aviation facilities include several hangar buildings and the fixed base operator facilities, along with a 22-acre aircraft and parking ramp.

BWI Marshall Airport is served by a consolidated rental car facility (the "Consolidated Rental Car Facility"), which was placed in service in 2003 and is currently managed and operated by 10 on-airport rental car companies. The Consolidated Rental Car Facility consolidates all rental car operations into a single facility that includes maintenance/storage facilities for rental car operators. It accommodates over 8,300 vehicles and is accessible by shuttle bus service.

Amtrak's BWI Marshall Airport Rail Station is located on the intercity high-speed rail line that extends from Washington, D.C. to New York City, and on to Boston. The BWI Marshall Airport Rail Station also accommodates the local Maryland Rail Commuter ("MARC") service between the Baltimore metropolitan area and Washington, D.C. The MAA operates shuttle services to and from BWI Marshall Airport passenger terminal and the BWI Marshall Airport Rail Station.

BWI Marshall Airport is directly linked to downtown Baltimore and other Baltimore regional destinations by the Maryland Transit Administration ("MTA") Light Rail service that operates directly into the terminal. MTA operates local bus service to BWI Marshall Airport from several destinations, and also operates express bus service linking BWI Marshall Airport to Montgomery County via the ICC toll road. The Regional Transportation Agency of Central Maryland provides bus service to BWI Marshall Airport. Also, the Washington Metropolitan Area Transit Authority ("WMATA") provides bus service to BWI Marshall Airport from the Greenbelt Metro Station, which is part of the WMATA Metrorail system serving Washington, D.C., Maryland and Northern Virginia.

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Airlines Serving BWI Marshall Airport

The airlines serving BWI Marshall Airport as of October 2014 are delineated in the chart below.

PASSENGER AIRLINES SERVING BWI MARSHALL AIRPORT
October 2014

Mainline Airlines	*Regional Affiliates*
Alaska Airlines	Air Wisconsin (US Airways Express)
American Airlines	Chautauqua Airlines (Delta Connection, United Express)
Delta Air Lines	Commutair (United Express)
United Airlines	Endeavour Airlines (Delta Connection)
US Airways	Envoy (American Eagle)
Low-Cost Carriers	ExpressJet Airlines (Delta Connection, United Express)
Frontier Airlines	GoJet Airlines (United Express)
JetBlue Airways	Piedmont (US Airways Express)
Southwest Airlines	PSA (US Airways Express)
Spirit Airlines	Republic Airlines (American Eagle, US Airways Express, United Express)
Foreign Flag Airlines	Shuttle America (United Express)
Air Canada	
Bahamasair	
British Airways	
Condor Flugdienst (seasonal)	

Sources: Baltimore/Washington International Thurgood Marshall Airport records and Official Airline Guides, Inc., online database, accessed October 2014.

As scheduled for July 2014, 74 markets are served nonstop by an average of 319 daily departing flights.

Aviation Activity

BWI Marshall Airport primarily serves origination and destination (O&D) passenger traffic. Over the past decade, O&D passengers have accounted for approximately 70% to 80% of all passengers enplaned at BWI Marshall Airport, with the remaining 20% to 30% connecting between flights.

Passenger enplanements. The table below sets forth historical enplanement information for BWI Marshall Airport since FY 1995. Leading up to FY 2001, BWI Marshall Airport experienced a period of rapid growth. As the table shows, the number of enplaned passengers increased from 6.6 million in FY 1995 to 10.4 million in FY 2001, an average annual growth rate of 7.7%. In FY 2002, air service reductions following the September 11 terrorist attacks and passenger anxieties about the possibility of further attacks reduced air travel demand. Travel demand was also depressed by the national economic recession in 2000-2001.

Between FY 2002 and FY 2004, passenger traffic at BWI Marshall Airport recovered, largely as a result of increased numbers of Southwest Airlines flights. In FY 2005, passenger traffic declined due to regional competition from Independence Air service out of Dulles International Airport. Independence Air ceased operations in January 2006, and passenger levels increased again at BWI Marshall Airport through FY 2008. In FY 2009, enplaned passenger numbers decreased as a result of the economic recession and reduced seat capacity. Between FY 2009 and FY 2011, the number of enplaned passengers increased at an average rate of 5.8% per year compared to a nationwide average of 1.5% annually. Enplanements have been essentially flat to slightly down during the past three fiscal years (FY 2012, 2013 and 2014) due to a combination of factors including the integration of AirTran into Southwest, the government shutdown, sequestration and a slower economy.

HISTORICAL ENPLANED PASSENGERS
Baltimore/Washington International Thurgood Marshall Airport

Fiscal Year	Enplaned passengers	Percent change
1995	6,645,135	--
2000	9,230,583	--
2001	10,376,040	12.4%
2002	9,625,720	(7.2)
2003	9,467,275	(1.6)
2004	10,381,018	9.7
2005	9,782,822	(5.8)
2006	10,180,996	4.1
2007	10,315,555	1.3
2008	10,662,196	3.4
2009	10,066,162	(5.6)
2010	10,685,247	6.2
2011	11,267,225	5.4
2012	11,340,264	0.6
2013	11,288,150	(0.5)
2014	11,139,583	(1.3)

Source: Maryland Aviation Administration records.

Enplanements by Airline. The following table sets forth enplanement information for the airlines operating at BWI Marshall Airport for FY 2009 through FY 2014. Southwest Airlines with AirTran Airways enplaned approximately 7.9 million domestic and international passengers in FY 2014 (70.9% share) compared with 6.7 million passengers for the two airlines in FY 2009 (66.6% share).

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AIRLINE MARKET SHARES OF ENPLANED PASSENGERS
Baltimore/Washington International Thurgood Marshall Airport

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	Enplaned Passengers					
Domestic						
Southwest *(a)*	6,695,173	7,324,647	7,886,523	7,937,057	7,829,606	7,634,857
Delta	1,152,812	1,080,048	1,039,548	1,096,045	1,078,935	1,033,396
US Airways	654,323	633,726	684,328	710,196	653,315	643,117
United	893,731	870,717	801,819	709,153	642,571	570,660
American	435,495	444,585	467,537	457,478	428,166	429,879
Spirit	--	--	--	--	150,056	258,626
JetBlue	--	86,785	117,224	126,796	138,122	143,433
Other *(b)*	10,032	8,261	9,084	9,552	2,853	--
Subtotal	**9,841,566**	**10,448,769**	**11,006,063**	**11,046,277**	**10,923,624**	**10,713,968**
International						
Southwest *(a)*	4,692	54,099	106,411	142,442	208,757	260,284
British Airways	53,147	48,703	54,256	53,813	54,351	55,762
Air Canada Express	29,124	26,979	33,013	29,619	29,185	29,660
USA 3000	34,801	13,112	6,197	2,212	--	--
Other (c)	45,895	33,187	--	3,404	9,092	8,509
Subtotal	**167,659**	**176,080**	**199,877**	**232,189**	**301,385**	**354,215**
Charter	**56,937**	**60,398**	**61,285**	**61,798**	**63,141**	**71,400**
Total	**10,066,162**	**10,685,247**	**11,267,225**	**11,340,264**	**11,288,150**	**11,139,583**
	Market Share Percentage					
Domestic						
Southwest (a)	66.5%	68.5%	70.0%	70.0%	69.4%	68.6%
Delta	11.5	10.1	9.2	9.7	9.6	9.3
US Airways	6.5	5.9	6.1	6.3	5.8	5.8
United	8.9	8.1	7.1	6.2	5.7	5.1
American	4.3	4.2	4.2	4.0	3.8	3.9
Spirit	0	0	0	0	1.3	2.3
JetBlue	0.0	0.8	1.0	1.1	1.2	1.3
Other (b)	0.1	0.1	0.1	0.1	0.0	0.0
Subtotal	**97.8%**	**97.8%**	**97.7%**	**97.4%**	**96.8%**	**96.3%**
International						
Southwest (a)	0.0%	0.5%	0.9%	1.3%	1.8%	2.3%
British Airways	0.5	0.5	0.5	0.5	0.5	0.5
Air Canada Express	0.3	0.3	0.3	0.3	0.3	0.3
USA 3000	0.3	0.1	0.1	0.0	0.0	0.0
Other (c)	0.5	0.3	0.0	0.0	0.0	0.0
Subtotal	**1.7%**	**1.6%**	**1.8%**	**2.1%**	**2.7%**	**3.2%**
Charter	**0.6%**	**0.6%**	**0.5%**	**0.5%**	**0.6%**	**0.6%**
Total*	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Note: For fiscal years ended June 30.
Data include regional affiliates.

(a) Includes AirTran Airways.
(b) Includes Cape Air and Midwest.
(c) Includes Air Jamaica, Bahamasair, Condor, North American and Vision.
* Total may not add up to 100% due to rounding.

Source: Baltimore/Washington International Thurgood Marshall Airport records.

BWI Marshall Airport Insurance

The MAA maintains a comprehensive program of insurance covering the operations of BWI Marshall Airport. Currently, a commercial Airport Owners and Operators Liability policy is purchased by the State Treasurer's Office, Insurance Division through Aon Risk Services. The primary liability policy ($100,000,000 limit) is provided by ACE Property & Casualty Insurance Company, with an additional layer of excess liability ($650,000,000 limit) provided by underwriters at Lloyds of London (various companies). The following liability coverages and annual limits are provided with no deductible:

Limit	Coverage
$750,000,000	Bodily injury, personal/advertising injury, and property damage liability combined, each occurrence/offense, and in the aggregate where applicable, included within which are the following sub-limits:
750,000,000	Products-Completed Operations Annual Aggregate Limit
50,000,000	Personal Injury & Advertising Injury Annual Aggregate Limit
50,000,000	Malpractice Annual Aggregate Limit
1,000,000	Fire Damage Limit any One Fire
750,000,000	Hangarkeepers Limit any One Occurrence
750,000,000	Hangarkeepers Limit any One Aircraft
750,000,000	Non-Owned Aircraft Liability Limit any One Occurrence
150,000,000	Extended coverage War, Hijacking and Other Perils Aggregate Limit

Property damage for MAA-owned buildings, contents, and electronic data processing equipment is self-insured by the State Insurance Trust Fund, which is managed by the State Treasurer's Office, Insurance Division. The State Insurance Trust Fund covers property losses up to a limit of $2,500,000 per occurrence, with a $1,000 deductible. Damage beyond this coverage is provided by a commercial blanket excess property insurance policy with a limit of $500,000,000 per occurrence in excess of the $2,500,000 self-insured retention. The policy is purchased by the State Treasurer's Office, Insurance Division through Aon Risk Services using various insurance carriers and various layers of coverage.

Planned Capital Improvements at BWI Marshall Airport

The MAA maintains a six-year capital improvement program for BWI Marshall Airport. The current FY 2015 to FY 2020 capital improvement program totals $584 million with funding from the Department's Transportation Trust Fund, federal grants, PFC collections and rental car customer facility charge collections. Major BWI Marshall Airport capital improvement projects during the next six years, in addition to the Project ($125 million), include the Runway Safety Area, Pavement Rehabilitation and Standards Compliance Program ($186 million), various system preservation projects ($211 million), loading bridge replacement program ($12 million), parking revenue control systems ($9 million) and noise mitigation projects ($6 million).

THE PROJECT

Background

In 2011, the MAA completed an airport-wide master plan update for airside, terminal and landside facilities (the "Master Plan"). The proposed improvements for the terminal included improving the facilities to meet current federal airport passenger security and baggage screening requirements and life safety/egress requirements. The modernization program also included improving the level of service for the travelling public with provisions for moving walkways in the terminal, reconfigured holdrooms, secure interconnected concourses and improved passenger amenities.

General Description of the Project

The Project is the second phase of the Master Plan update for the terminal, following the completion of the similar B/C Connector project. Construction of the D/E Connector in the D/E portion of the terminal complex will provide a consolidated security screening checkpoint that provides adequate queuing space and increased throughput for more balanced screening operations. In addition, the modernization improvements associated with the D/E Connector will rectify life safety code deficiencies in the terminal and concourses. Connector improvements will also provide additional airline/passenger capacity by creating two additional international gates. Construction of the D/E concourse connector will also include projects to improve passenger amenities and provide capacity for new entrants, in addition to increasing the ease of movement between the D/E concourses for airline customers. The D/E Connector will also include multiple projects associated with the relocation of MAA and tenant spaces that will be displaced by the construction of the proposed improvements.

Specific Elements of the Project

Specific elements of the Project include:

Departures Level (Upper Level)

The proposed improvements will increase the total square footage on the Departures Level by approximately 82,000 square feet. The Departures Level improvements will consist of a new consolidated passenger screening checkpoint, holdrooms, restrooms, concessions space, Customs

Border Protection ("CBP") screening rooms, Transportation Security Administration office space, storage, increased circulation space and widened concourse exits.

Sterile Level

The D/E Connector includes a sterile corridor level that provides a secure corridor between relocated gates D1, D3 and D5 and the existing entrance to the international arrivals hall. The sterile level corridor is housed on its own level and will be cantilevered from the building structure over the lower vehicle service road. The proposed improvements will increase the total square footage on the Sterile Level by approximately 9,600 square feet.

Arrivals Level (Lower Level)

The proposed improvements will increase the total square footage on the arrivals level by approximately 38,000 square feet. Improvements in the D/E Connector project on the arrivals level include a reconfigured outbound baggage room and future expansion capabilities, expanded mechanical equipment rooms and replacement of existing equipment, a new electrical substation to provide for the expanded electrical requirements, a new loading dock below the concessions core, reconfiguration of the international inbound baggage drop off area and shell space that will ultimately be used for a third international baggage claim carousel, and interrogation, detention and office space for the Authority's police force.

Enabling Projects

In order to meet the completion goals of the base building, several critical projects were identified. To minimize the impacts to the base building construction, these projects will be designed and constructed as early projects.

<u>Tenant Relocations</u> – There are several tenants that must be relocated due to the construction. These tenants include Air Canada, United Airlines, US Airways and the Anne Arundel County Jobs Center.

<u>Infrastructure Relocations</u> – Certain areas and/or functions will be impacted during construction, requiring the reconfiguration of aircraft parking positions at gates E4 and E6; the temporary relocation of the international inbound baggage handling system; the demolition of structures housing bag belt 14 and United bag makeup; and the relocation of the international trash compactor.

PASSENGER FACILITY CHARGES

General

The Aviation Safety and Capacity Expansion Act of 1990 (P.L. 101-508) (the "1990 Act") allows public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge each eligible enplaning passenger using the airport a $1.00, $2.00 or $3.00 PFC. In 1994, as part of Public Law 103-272, which revised, codified, and enacted without substantive change certain general and permanent laws related to transportation as various subtitles of title 49, United States Code, the PFC provisions of the 1990 Act were codified into positive law as 49 U.S.C. §40117 (the "PFC

Act"). The Aviation Investment and Reform Act for the 21st Century (P.L. 106-181) amended the PFC Act to increase the maximum per passenger PFC allowed to be charged by qualifying airports from $3.00 to $4.50. Public agencies wishing to impose and use these PFCs must apply to the Federal Aviation Administration ("FAA") for such authority and meet certain requirements contained in the legislation and regulations issued by the FAA. Regardless of the number of PFC applications which have been approved by the FAA, an airport can only collect a maximum of $4.50 from each eligible enplaning passenger.

The proceeds from PFCs must be used to finance eligible airport-related projects. Eligible airport related projects include airport development or planning, terminal development, airport noise compatibility measures and planning and construction of gates and related areas (other than restaurants, rental car facilities, automobile parking or other concessions) for the movement of passengers and baggage. Projects funded with PFCs of up to $3.00 per passenger must preserve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers. For large or medium hub airports, such as BWI Marshall Airport, (1) projects funded with PFCs higher than $3.00 per passenger (*e.g.* $4.00 or $4.50) must make a significant contribution to improving air safety and security, increasing competition among air carriers, reducing current or anticipated congestion, or reducing the impact of aviation noise on people living near the airport; and (2) FAA must find that (a) such projects cannot be paid for from federal Airport Improvement Program funds reasonably expected to be available, and (b) the public agency has made adequate provision for financing the airside needs of the airport - including runways, taxiways, aprons, and aircraft gates – before PFC funding above $3.00 per passenger is allowed for an eligible surface transportation or terminal project.

An airport operator must obtain the FAA's approval before imposing and using the proceeds of PFCs. FAA approval may be for "*impose only*" authority, "*impose-and-use*" authority, or "*use*" authority. Projects for which "*impose-and-use*" authority is granted must be implemented within two years after approval of the use of the PFCs. Implementation means that a notice to proceed has been issued by the airport operator to a contractor, in the case of a construction project; that a title search, survey or appraisal has commenced for a significant part of the property in the case of property acquisition; or that a contractor or public agency has started work in the case of any other non-construction project. As described under "The PFC Program for the MAA" below, the FAA has granted the MAA "impose-and-use" authority for the Project and for other projects.

PFCs are collected on behalf of airports by air carriers, certain foreign air carriers and their agents ("Collecting Carriers"). PFCs may not be collected, however, from a passenger enplaning at BWI Marshall Airport if the passenger did not pay for the ticket (*i.e.*, if the passenger obtained the ticket with a frequent flier award coupon without monetary payment), a passenger flying on an essential air-service route, or a passenger flying on a charter paid for by the Department of Defense. A PFC may be collected from a passenger (i) on a one-way trip, only for the first two enplaning airports on the travel itinerary where PFCs are imposed and (ii) on a roundtrip, only for the first two and the last two enplaning airports where PFCs are imposed.

The PFC Program for the MAA

In July 1992, the MAA received FAA approval to begin imposing PFCs at the $3.00 level. In March 2002, the MAA received FAA approval to increase its per passenger PFC level from

$3.00 to $4.50. The PFC level increased to $4.50 on June 1, 2002. Since inception of the PFC program at BWI Marshall in 1992 through 2014, the MAA has received FAA approval to impose PFCs for $1,553,937,203 in 11 applications. Authority to impose PFCs for these projects is projected to expire in September 2031.

In connection with the PFCs approved for the first, second, and third PFC applications, the Authority previously issued its $162,580,000 Special Obligation Revenue Bonds, Series 1994-A (Qualified Airport Bonds) and Special Obligation Revenue Bonds, Series 1994-B (Governmental Purpose Bonds) (the "Series 1994 Bonds") secured by a pledge of the PFCs. The Series 1994 Bonds were redeemed in June 2003. In December 2003, the Authority issued the Series 2003 Bonds in the aggregate principal amount of $69,700,000 to fund part of MAA's Fourth PFC application. The Series 2003A Bonds matured on July 1, 2013 and the Series 2003B Bonds were redeemed on September 11, 2006.

The Authority did not issue bonds to fund the MAA's fifth, sixth, seventh and eight PFC applications.

In March 2012, the MAA received approval for a ninth PFC application with authority to impose and use $132,294,117 in PFCs at $4.50 per enplaned passenger and use them for the financing and construction of the Concourse B/C Connector. In April of 2012, the Authority issued Series 2012A Bonds in the amount of $50,905,000 as partial funding for this project.

In September 2012, the MAA received approval for a tenth PFC application with authority to impose and use $341,596,215 in PFCs at $4.50 per enplaned passenger and use them for the financing and construction of the Runway Safety Area and Pavement Management Project. In December of 2012 the Authority issued Series 2012 B-C Bonds in the amount of $135,470,000 as partial funding for this project.

In August 2014, the MAA received approval for an eleventh PFC application with authority to impose and use $158,972,079 in PFCs at $4.50 per enplaned passenger and use them for the financing and construction of various interrelated passenger facility charge projects to provide a connector between Concourses D and E, together with other improvement projects at BWI Marshall Airport. See "THE PROJECT." Bond proceeds will be supplemented by PFC pay-as-you-go funding and the Department's Transportation Trust Fund. Authority to impose a PFC under this application is estimated to expire in September 2031. The FAA estimates that by that date, sufficient PFCs to pay debt service on the Bonds through their maturity date will have been collected and paid to the Trustee. If annual PFC collections are less than projected, the MAA can extend the expiration date until the authorized amount of PFCs has been collected by notifying the FAA and the airlines. While the Bonds are outstanding, the MAA may submit additional PFC applications for additional projects or amendments to extend the estimated expiration date of the MAA's overall authority to impose PFCs.

No assurance can be given that the PFC revenues and the schedule for their receipt by the MAA which are assumed in the Authority's plan of financing will be attained.

Collection of Passenger Facility Charges; Collection Fee

PFCs are collected by the Collecting Carriers on behalf of an airport operator from each eligible enplaning passenger at such airport operator's commercial airport. The Collecting Carriers are authorized to withhold, as a collection fee (i) eleven cents per eligible enplaning passenger from whom a PFC is collected and (ii) any investment income earned on the amount collected prior to the due date of the remittance to the airport operator. From time to time, the FAA considers permitting an increase in the amount the Collecting Carriers may retain as a collection fee, and FAA raised the level from eight cents to eleven cents in 2004.

Passenger Facility Charge Collections and Expenditures

The MAA has accounting and management procedures to maximize PFC collections. Under the MAA's PFC collection procedures, the Collecting Carriers remit PFC payments directly to the Trustee by check or electronic funds transfer.

For Collecting Carriers that are subject to a written use and lease agreement with the MAA, the MAA will issue a written notification of non-payment to such Collecting Carriers if PFC payments are not received within 10 days after the date such Collecting Carrier's PFCs are due. The Collecting Carrier will then have 10 days from the date of such written notification to remit the PFC payment. If such payment is not received within the 10-day cure period, the MAA will charge a late payment fee at a rate of 1.25% per month, retroactive to the date the PFC remittance was due.

If a Collecting Carrier fails, within 10 calendar days after receipt of a written notice of non-payment from the MAA, to remit all required PFC amounts in compliance with federal laws, regulations, and FAA guidance, the MAA will send a Notice of Default under the Airline Agreement by certified mail to the Collecting Carrier and will also send a copy of that notification to the FAA.

The MAA compares the amount of PFCs remitted with enplanement figures provided by the Collecting Carriers. The MAA compiles and sends a PFC report to the FAA each quarter. Pursuant to the PFC Regulations, upon the request of the MAA, each Collecting Carrier that collects more than 50,000 PFCs annually is required to provide the MAA with a copy of the annual audit of such Collecting Carrier's PFC account. The MAA's auditors annually report to the MAA on PFC compliance of each Collecting Carrier. From 2006 through 2013 there were no material delinquencies in remitting PFC payments by Collecting Carriers that collect more than 50,000 PFCs annually.

It is unclear whether the MAA would be afforded the status of a secured creditor with regard to PFCs collected or accrued by a Collecting Carrier operating at BWI Marshall Airport that is involved in bankruptcy proceedings. See "INVESTMENT CONSIDERATIONS – Effect of Bankruptcy on the Airline Agreement and PFC Collection" below.

Termination of the MAA's Authority to Impose and Use Passenger Facility Charges

The FAA may terminate the MAA's authority to impose PFCs, subject to informal and formal procedural safeguards, if the FAA determines that (i) the MAA is in violation of certain provisions of the Airport Noise and Capacity Act of 1990 (the "Noise Act") relating to airport noise and access restrictions, (ii) PFC collections and investment income thereon are not being used for PFC-approved projects in accordance with the FAA's regulations, (iii) implementation of the PFC-approved projects does not commence within the time periods specified in the FAA's regulations or (iv) the MAA is otherwise in violation of the FAA's regulations, the PFC Act or the FAA's Final Agency Decisions.

Informal Resolution and Formal Termination Process for PFC Act Violations

Pursuant to the FAA's regulations, the formal termination process for PFC collection is initiated by the FAA only after the agency has attempted informal resolution with the public agency or any other affected party relating to concerns that the public agency may not be using PFC revenues for approved projects in accordance with the FAA's Final Agency Decision or the PFC Act. If the FAA determines that informal resolution is not successful, it initiates the formal PFC termination process by publishing a notice and sending it to the airport operator, followed by a 60-day period during which the airport operator and others may submit comments and the airport operator may take corrective action. The FAA's regulations provide that if corrective action is not taken as prescribed in the notice, the FAA is required to hold a public hearing at least 30 days after notifying the airport operator and publishing a notice of the hearing in the Federal Register. After the public hearing, the airport operator would have 10 days after receiving notice of the FAA's decision to advise the FAA in writing that it will complete any corrective action prescribed in the FAA's decision within 30 days or to provide the FAA with a list of Collecting Carriers, after which the FAA would notify the Collecting Carriers to terminate or to modify the PFC collection accordingly.

Noise Act Violations

The MAA's authority to impose PFCs may be terminated if the MAA violates the provisions of the Noise Act. Although the procedures described above do not apply to alleged violations of the Noise Act, the Noise Act and FAA regulations thereunder provide procedural safeguards to ensure that the MAA's authority to impose PFCs at BWI Marshall Airport will not be summarily terminated because of violations of the Noise Act. In general, the MAA can prevent termination of its PFC authority by suspending the effectiveness of any noise or access restriction in question, until the legal sufficiency of the restriction, and its impact on the MAA's authority to impose PFCs at BWI Marshall Airport, has been determined.

AIRPORT AGREEMENTS

The MAA has agreements with various users of BWI Marshall Airport, but none of the revenues collected under these agreements are pledged to pay the principal of or premium, if any, or interest on the Bonds.

Airline Agreements

The MAA has entered into a substantially similar Airline Agreement (which relates to the terminal lease and airfield operations) with nine Signatory Airlines, including, Air Canada, American Airlines, British Airways, Condor, Delta Air Lines, JetBlue Airways, Southwest Airlines, Spirit Airlines and United Airlines, as well as cargo airlines Federal Express and United Parcel Services. The Airline Agreement provides for a compensatory rate-making methodology to calculate terminal rental rates, and a residual rate-making methodology to calculate the airfield area landing fees. The term of the current Airline Agreement commenced on July 1, 2014 and extends through June 30, 2019. Non-Signatory Airlines generally operate at BWI Marshall Airport under written agreements on a month-to-month basis. Airlines that do not have an executed Airline Agreement with the MAA may operate at BWI Marshall Airport but are subject to higher fees than Signatory Airlines. Airlines which do not have executed Airline Agreements with the MAA, could, potentially, challenge the MAA's airline rate-making methodology under the U.S. Department of Transportation's rates and charges review process. The Signatory Airlines account for approximately 99.3% of total enplaned passengers at BWI Marshall Airport.

Other Agreements

Other agreements entered into by the MAA with respect to BWI Marshall Airport include the following:

Terminal Building Concessions Contracts. The most significant sources of terminal building concession revenues are food and beverage and news and gift. The current Lease and Concession Contract (the "Concession Contract") is with Airmall Maryland, Inc. The Concession Contract was entered into in March 2004 and runs through March 2022. The MAA has the right to terminate the Concession Contract with or without cause upon six months prior written notice at any time on or after April 1, 2017, without any cost to the MAA except for the cost of buyouts authorized by the Concession Contract.

Parking Agreements. The MAA entered into the Concession Contract dated January 1, 2011, as amended (the "Parking Agreement"), with Maryland Parking Limited Partnership (the "Parking Operator"). Pursuant to the Parking Agreement, the Parking Operator manages and operates parking facilities located at BWI Marshall Airport and collects customer parking fees on behalf of the MAA. The parking fees payable to the MAA are pledged to pay debt service on the Authority's BWI Marshall Airport parking revenue bonds. The term of the current Parking Agreement extends to December 31, 2014. MAA is in the process of concluding the selection for a new parking operator.

Rental Car Agreements. The MAA has entered into agreements with certain rental car companies (the "Rental Car Agreements") under which each rental car company is required to collect from customers certain customer facility charges ("Customer Facility Charges"). Customer Facility Charges collected by the MAA are pledged to pay debt service on certain revenue bonds issued by the Authority to finance the Consolidated Rental Car Facility. The term of the Rental Car Agreements extend to December 2023.

THE 2014 LEASE AND ASSIGNMENT AGREEMENT AND THE 2014 FINANCING AGREEMENT

The 2014 Lease and Assignment Agreement

Pursuant to the terms of the 2014 Lease and Assignment Agreement (i) the State through the MAA will lease the site of the Project to the Authority, and the Authority will sublease the site and improvements back to the MAA, and (ii) the State through the MAA will confirm and extend the assignment to the Authority of all of its right, title and interest in and to the Pledged Revenues. The term of the 2014 Lease and Assignment Agreement extends to the earlier of June 1, 2035, and the date on which the principal of and premium, if any, and interest on all of the Bonds shall have been paid or provision for the payment thereof shall have been made in accordance with the Trust Agreement, and all amounts payable under any the 2014 Financing Agreement shall have been paid.

During the term of the 2014 Lease and Assignment Agreement, the MAA, as agent for the Authority, is responsible for the engineering, construction, operation, security, maintenance, insurance and all related costs and expenses of the Project. The Authority covenants that it will not interfere with, or impede, the MAA's control and operation of the Project.

The 2014 Financing Agreement

The Authority and the MAA will enter into the 2014 Financing Agreement whereby the Authority, subject to certain conditions, will agree to finance the Project and will designate the MAA as its agent for the development, design, operation, insurance, security and maintenance of the Project.

The Authority and the MAA will each agree in the 2014 Financing Agreement to take any actions necessary to comply with federal and State law, regulations, directives and executive orders and federal grant assurances with respect to the Project or BWI Marshall Airport and any existing or future agreements between the MAA and the U.S. Government relative to the operation and maintenance of the Project or BWI Marshall Airport, the execution of which has been or may be required as a condition precedent to the transfer of federal rights or property to the MAA for airport purposes, or to the expenditure of federal funds for the development of BWI Marshall Airport, in accordance with any applicable federal law.

In addition, the Authority and the MAA will covenant that they will comply with all provisions of the PFC Act, the FAA's regulations, and the FAA's Final Agency Decisions with respect to the MAA's PFC applications, and that they will not take any action or omit to take any action with respect to the PFC revenues, the Project or otherwise if such action or omission would, pursuant to FAA regulations, cause the termination of the MAA's PFC collection and use authority as contemplated by the 2014 Financing Agreement.

The Authority and the MAA covenant that, to the extent necessary to comply with the foregoing paragraph, (1) the MAA will begin implementation of the Project within the time periods set forth in the FAA regulations; (2) the MAA will continue to impose a PFC of $4.50 to the full extent authorized; (3) the MAA will not seek to decrease the level of the PFCs to be collected from any eligible enplaning passenger; (4) the MAA will seek FAA approval for increases in total approved PFC revenues to the extent that the MAA and the Authority project that such increases will be necessary to pay the debt service requirements of the Bonds; (5) the MAA will not unilaterally impose any noise or access restriction not in compliance with the Noise Act; (6) the MAA will take all action that the MAA deems reasonably necessary to cause all Collecting Carriers to collect and remit to the MAA all PFCs required by FAA regulations to be so collected and remitted; (7) the MAA will inform the Authority if the FAA undertakes informal resolution with the MAA regarding FAA concerns over whether PFC revenue is being used for PFC-approved projects in accordance with the PFC Act, the FAA's regulations, or the FAA FAD's; and (8) in the event that FAA begins proceedings to terminate the MAA's authority to impose PFCs through a notice of proposed termination, the MAA will use its best efforts to avoid termination by (a) complying with the FAA prescribed corrective action contained in the notice, (b) contesting FAA's proposed termination action, (c) reaching an accommodation with the FAA, or (d) any combination of the foregoing; and (9) the MAA will not take or omit to take any action which would materially and adversely impact the ability of the MAA to receive the Pledge Revenues or its ability to perform any of its obligations under the 2014 Financing Agreement or 2014 Lease and Assignment Agreement.

DEBT SERVICE SCHEDULE

The following table sets forth the debt service requirements for the Bonds, the Series 2012B-C Bonds [(1)] and the Series 2012A Bonds for each 12-month period ending June 1.

Year	Series 2012A, 2012B & 2012C [(1)] Total Combined Debt Service	Series 2014 Bonds Principal	Series 2014 Bonds Interest	Series 2014 Bonds Total	Combined Total Debt Service
2015	$14,223,850	$ 620,000	$ 715,454	$1,335,454	$15,559,304
2016	14,182,650	1,395,000	1,561,544	2,956,544	17,139,194
2017	14,147,000	1,450,000	1,505,744	2,955,744	17,102,744
2018	14,108,250	1,505,000	1,447,744	2,952,744	17,060,994
2019	14,066,000	1,580,000	1,372,494	2,952,494	17,018,494
2020	14,041,150	1,660,000	1,293,494	2,953,494	16,994,644
2021	14,027,300	1,745,000	1,210,494	2,955,494	16,982,794
2022	14,003,950	1,830,000	1,123,244	2,953,244	16,957,194
2023	13,979,756	1,925,000	1,031,744	2,956,744	16,936,500
2024	13,978,906	2,020,000	935,494	2,955,494	16,934,400
2025	13,979,431	2,080,000	874,894	2,954,894	16,934,325
2026	13,975,181	2,145,000	809,894	2,954,894	16,930,075
2027	13,979,806	2,215,000	740,181	2,955,181	16,934,988
2028	13,862,725	2,285,000	668,194	2,953,194	16,815,919
2029	13,859,475	2,365,000	588,219	2,953,219	16,812,694
2030	13,896,625	2,450,000	505,444	2,955,444	16,852,069
2031	13,931,425	2,535,000	419,694	2,954,694	16,886,119
2032	13,958,175	2,625,000	327,800	2,952,800	16,910,975
2033	-	2,730,000	222,800	2,952,800	2,952,800
2034	-	2,840,000	113,600	2,953,600	2,953,600
Totals:	**$252,201,656**	**$40,000,000**	**$17,468,167**	**$57,468,167**	**$309,669,823**

[(1)] The debt service for the Series 2012C Bonds is estimated using an assumed interest rate of 5.00%. The average rate for the Series 2012C Bonds for FY2014 was 0.084%.

Note: Totals may not add due to rounding.

HISTORIC DEBT SERVICE COVERAGE

The following table below sets forth historic coverage of debt service on the Series 2003 Bonds (no longer outstanding), the Series 2012A Bonds and the Series 2012B-C Bonds.

Year	Enplaned Passengers	Estimated PFC Passengers	PFC Revenue	Actual PFC Debt Service	Coverage
2004	10,381,018	10,019,216	$43,984,360	$ 371,336	118.4
2005	9,782,822	9,514,816	41,770,041	1,256,090	33.3
2006	10,180,996	9,135,882	40,106,521	2,062,508	19.4
2007	10,315,555	9,606,245	42,171,416	11,107,947	3.8
2008	10,662,196	10,387,161	45,599,638	10,826,543	4.2
2009	10,066,162	9,299,290	40,823,884	10,273,319	4.0
2010	10,685,247	10,044,597	44,095,783	10,000,790	4.4
2011	11,267,225	10,265,562	45,065,816	10,475,186	4.3
2012*	11,340,264	10,625,953	46,647,934	11,066,825	4.2
2013*	11,288,150	11,055,540	48,533,820	16,572,408	2.9
2014	11,139,583	10,004,215	43,918,504	12,127,918	3.6

* 2013 revenue overstated by $2 million because of a late 2012 payment.

Source: Maryland Aviation Administration and Public Financial Management.

Note: For information purposes only, the MAA's financial information is included in the Department's CAFR which can be found on the Department's website.

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REPORT OF AIRPORT CONSULTANT

LeighFisher prepared the Report of the Airport Consultant (included as Appendix E to this official statement) in connection with the issuance of the Bonds. References made herein to the Report of the Airport Consultant are made to the entire Report of the Airport Consultant, which contains material information, forecasts, findings, assumptions, and conclusions regarding BWI Marshall Airport. The Report of the Airport Consultant has been included herein in reliance upon the knowledge and experience of LeighFisher as airport consultants (the "Airport Consultant").

The Report of the Airport Consultant presents certain airline traffic and financial forecasts for the Fiscal Years ending June 30, 2015 through June 30, 2020 and sets forth the assumptions upon which the forecasts are based. The financial forecasts are based on certain assumptions that were provided by, or reviewed and agreed to by, the MAA management. In the opinion of LeighFisher, these assumptions provide a reasonable basis for the forecasts.

The Report of the Airport Consultant should be read in its entirety for an understanding of the forecasts and the underlying assumptions contained therein.

The Report of the Airport Consultant includes an examination of the underlying economic base of the Air Service Area, analysis of historical and projected activity at BWI Marshall, a description of the BWI Marshall's capital improvement program and various financial analyses, including a computation of Pledged Revenue forecasts and a computation of debt service coverage ratios during the forecast period.

The following table shows forecasted debt service coverage on outstanding obligations secured by Pledged Revenues for the Fiscal Years ending June 30, 2015 through June 30, 2020, as provided by the Airport Consultant and taken from the Report of the Airport Consultant included herein as Appendix E.

Bond Year	Forecast Pledged Revenues [A]	Estimated Debt Service Requirement *(a)* [B]	Coverage ratio [C=A/B]
2015	$ 44,597,000	$ 15,617,000	2.86
2016	45,292,000	17,241,000	2.63
2017	46,149,000	17,206,000	2.68
2018	46,909,000	17,166,000	2.73
2019	47,700,000	17,125,000	2.79
2020	48,433,000	17,100,000	2.83

(a) Includes Debt Service Requirements associated with Series 2012A Bonds, the Series 2012B-C Bonds and the proposed Bonds.

INVESTMENT CONSIDERATIONS

The Bonds may not be suitable investments for all persons, and prospective purchasers should be able to evaluate the risks and merits of an investment in the Bonds and should confer with their own legal and financial advisors before considering a purchase of any Bonds. In considering the matters set forth in this Official Statement, prospective investors should carefully review the investment considerations set forth throughout this Official Statement and specifically consider certain investment considerations associated with the Bonds. The material under this heading is a discussion of some, but not necessarily all, of the possible investment considerations that should be evaluated carefully by prospective purchasers of the Bonds prior to any investment. The order in which such considerations are presented does not necessarily reflect the relative importance of such considerations or the likelihood that any of the events or circumstances described below will occur or exist.

Limited Obligations

The Bonds are limited obligations of the Authority payable solely from Pledged Revenues and shall not be deemed to (i) be general obligations of the Authority, (ii) constitute obligations of the Department, (iii) constitute obligations of the MAA or (iv) constitute a debt or a pledge of the faith and credit of the State or any political subdivision thereof. None of the Authority, the Department or the MAA has taxing power.

General Airline Industry Factors

The Bonds are payable solely from Pledged Revenues derived from PFCs assessed eligible enplaning passengers at BWI Marshall Airport. PFCs are dependent primarily on the levels of aviation activity and enplaned passenger traffic at BWI Marshall Airport and are affected substantially by the economic health of the airline industry and the airlines serving BWI Marshall Airport. Certain factors that may materially affect BWI Marshall Airport, the MAA's ability to impose PFCs and the financial health and viability of the airlines include, but are not limited to, changes in the population and the economic health of the region and nation; airline service and route networks; local, regional, national and international economic and political conditions; aviation security concerns; changes in demand for air travel; service and cost competition; mergers; the availability and cost of aviation fuel and other necessary supplies; levels of air fares; fixed costs and capital requirements; the cost and availability of financing; the capacity of the national air traffic control system; the capacity of BWI Marshall Airport; competition from other airports; national and international disasters and hostilities; domestic and world health concerns; the cost and availability of employees; labor relations within the airline industry; regulation by the federal government; environmental risks and regulations; noise abatement concerns and regulation; passenger frustrations with delays caused by increased security measures; bankruptcy and insolvency laws; acts of war or terrorism; and business travel substitutes.

Southwest Airlines' Presence at BWI Marshall Airport

Southwest is the dominant air carrier operating at BWI Marshall Airport and maintains a large connecting hub at BWI Marshall. Southwest will finalize the integration of AirTran into its network in December 2014. Southwest and AirTran together accounted for approximately 70.9% of the total passengers enplaned at BWI Marshall in Fiscal Year 2014. No assurance can be given with regard to Southwest's future level of activity at BWI Marshall Airport. If, for whatever reason, Southwest reduces or discontinues its operations at BWI Marshall, the combined level of activity of Southwest and AirTran may not be replaced by other carriers, which could result in a reduction of the total number of enplaned passengers at BWI Marshall and a reduction in the amount of Pledged Revenues. See "THE BALTIMORE/WASHINGTON INTERNATIONAL THURGOOD MARSHALL AIRPORT" above.

Effect of Airline Industry Consolidation

In response to competitive pressures, the U.S. airline industry has consolidated. In December 2009, Delta Air Lines ("Delta") and Northwest Airlines ("Northwest") merged into a single entity now operating under the Delta brand. In October 2010, United Airlines ("United") and Continental Airlines completed the merger of the two airlines and, in May 2011, Southwest Airlines completed its purchase of AirTran Airways. American Airlines and US Airways announced plans to merge in February, 2013. The Department of Justice approved the merger in November 2013 with the condition that American divest itself of certain assets, including a significant number of slots at Reagan National Airport (DCA). In December 2013, the merger of American and US Airways was completed and integration of operations under a single operating certificate is expected during 2015. To date, these mergers have not materially impacted BWI Marshall Airport, but it is not possible to predict the future impact. Furthermore, any future mergers or consolidations of other Signatory Airlines could materially adversely affect operations at BWI Marshall.

Financial Condition of Airlines Serving BWI Marshall Airport

The number of passengers using BWI Marshall Airport will depend partly on the profitability of the airline industry and the associated ability of the industry and individual airlines, particularly Southwest, to make the necessary investments to continue providing service.

As a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 terrorist attacks, increased fuel and other operating costs and price competition, the industry experienced huge financial losses. In 2001 through 2005, the major U.S. passenger airlines collectively recorded net losses of nearly $60 billion. To mitigate those losses, all of the major network airlines restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors and creditors to cut costs, either under Chapter 11 bankruptcy protection or the possibility of such. Between 2002 and 2005, US Airways, United Airlines, Delta Air Lines, Northwest Airlines, Hawaiian Airlines, ATA Airlines, Aloha Airlines, and Independence Air filed for bankruptcy protection. Of the major network airlines, American Airlines and Continental Airlines were the only airlines not to file for bankruptcy during this period (although American did subsequently file in 2011).

In 2006 and 2007, the U.S. passenger airline industry as a whole was profitable, recording net income of approximately $23 billion, but beginning in mid-2008, as oil and aviation fuel prices increased to unprecedented levels, the industry experienced a profitability crisis. In 2008 and 2009, the U.S. passenger airline industry recorded net losses of approximately $27 billion. The industry responded by grounding older, less fuel-efficient aircraft; adopting fuel-saving operating practices; hedging fuel purchases and prices; reducing scheduled seat capacity; eliminating unprofitable routes and hubs; laying off employees; reducing employee compensation; reducing other non-fuel expenses; increasing airfares; and imposing ancillary fees and charges. Between

2007 and 2009, the U.S. passenger airlines collectively reduced domestic capacity (as measured by available seat-miles) by approximately 10%.

In 2010 through 2013, the U.S. passenger airline industry as a whole recorded net income of approximately $8 billion, in spite of sustained high fuel prices, by controlling capacity and nonfuel expenses, increasing airfares, recording high load factors, and increasing ancillary revenues. Over the four years 2009 to 2013, the airlines collectively increased domestic seat-mile capacity by an average of just 1.0% per year. Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, continued capacity control to allow increased airfares and stable fuel prices.

Consolidation of the airline industry has resulted in four airlines (American, Delta, Southwest and United) now accounting for approximately 90% of domestic capacity. Such consolidation is expected by airline industry analysts to contribute to industry profitability. However, any resumption of financial losses could cause U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines would drastically affect airline service at certain connecting hub airports, present business opportunities for the remaining airlines and change airline travel patterns nationwide.

The revenues of the airlines serving BWI Marshall may be materially affected by many factors, including (without limitation) those listed under "General Airline Industry Factors" above, and the following: technological changes; strikes and other employee disruptions; the maintenance and replacement requirements of aircraft; the availability of routes and slots at various airports; litigation liability; and other risks. Historically, the airline industry's results have correlated with the performance of the economy.

Financial or operational difficulties by Signatory Airlines may directly or indirectly have an adverse impact on BWI Marshall Airport operations and may result in a reduction in the amount of Pledged Revenues.

Aviation Security Concerns

A terrorist threat or terrorist incident aimed at aviation could have an immediate and significant impact on the demand for aviation services, including, but not limited to, services at BWI Marshall Airport, and depress airline industry revenues. Over the past decade, intensified security precautions have been instituted by government agencies, airlines and airport operators. Enhanced security procedures create the potential for increased inconvenience and delays at many airports, although to date only relatively minor delays have been experienced. No assurance can be given that these security precautions will be successful. The possibility of intensified international hostilities and further terrorist attacks involving or affecting commercial aviation are a continuing concern that may affect future travel behavior and airline passenger demand.

Oil Prices

The price of fuel has been a significant cost factor for the airline industry. Although there has been no shortage of aviation fuel since the "fuel crisis" of 1974, there have been significant increases and fluctuations in the price of fuel, and fuel prices reached record highs in 2008. According to the Airlines for America ("A4A"), fuel has overtaken labor as the industry's top cost and, as such, fuel price is an important and uncertain determinant of an air carrier's operating economics. Any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, Organization of Petroleum Exporting Countries ("OPEC") policy, increased demand for fuel caused by the rapid growth of economies such as those of China and India, the levels of fuel inventory maintained by certain industries, the amounts of reserves maintained by governments, currency fluctuations, disruptions to production and refining facilities and weather. It is not possible to predict whether and to what extent fuel prices will increase and the effect of such increases on the airlines serving BWI Marshall Airport.

Regulations, Grant Assurances, and Other Restrictions Affecting the Airport

The operations of BWI Marshall Airport are affected by a variety of contractual, statutory, regulatory and grant assurance restrictions and limitations including, without limitation, the provisions of the Airline Agreement, the PFC Act and extensive federal legislation, regulations, and grant assurances applicable to commercial service airports in the United States. It is not possible to predict whether future restrictions or limitations on BWI Marshall Airport operations will be imposed, whether future legislation, regulations or grant assurances will affect future federal funding or PFC collections for capital projects for BWI Marshall Airport or whether such restrictions, legislation, regulations or grant assurances would adversely affect Pledged Revenues.

Effect of Bankruptcy on the Airline Agreement and PFC Collection

In the event of bankruptcy proceedings involving one or more Signatory Airlines, the debtor airline or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject the applicable Airline Agreement. In the event of assumption, the debtor airline would be required to cure any prior defaults and to provide adequate assurance of future performance under the relevant document. Rejection of the Airline Agreement by any airline would give rise to an unsecured claim of the MAA for damages, the amount of which may be limited by the U.S. Bankruptcy Code.

The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (*i.e.*, the MAA) imposing the PFC, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in their financial statements. The airlines, however, are permitted to co-mingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted.

In 2003, Congress amended the PFC Act to provide that air carriers that file for chapter 7 or chapter 11 of title 11 bankruptcy protection, or have involuntary chapter 7 of title 11 bankruptcy proceedings commenced against them, are subject to certain additional requirements, including (1) an obligation to segregate in a separate account PFC revenue equal to the average monthly liability for PFCs collected by the carrier or its agents for the benefit of the eligible agencies (such as the MAA and other airport operators) entitled to such PFC revenue, and (2) a prohibition against granting any third party any security or other interest in PFC revenue. In addition, the PFC Act provides that if such a carrier or its agent fails to segregate passenger facility revenue in violation of this provision, the trust fund status of such PFC revenue shall not be defeated by an inability of any party to identify and trace the precise funds in the accounts of the air carrier.

The bankruptcy courts have not consistently addressed such trust arrangements. Therefore, the MAA cannot predict how a bankruptcy court might rule on this matter in the event of a bankruptcy filing by one of the airlines operating at BWI Marshall Airport. It is possible that the Authority and/or the MAA could be held to be an unsecured creditor with respect to unremitted PFCs held by an airline that has filed for bankruptcy protection. Additionally, the MAA cannot predict whether an airline operating at BWI Marshall Airport that files for bankruptcy protection or is the subject of involuntary bankruptcy proceedings would have properly accounted for the PFCs owed to the MAA or whether the bankruptcy estate would have sufficient moneys to pay the MAA in full for the PFCs owed by such airline. See also "PASSENGER FACILITY CHARGES."

Cost of Project and Schedule

The estimated costs of, and the projected schedule for, the Project are subject to a number of uncertainties. The ability of the MAA to complete the Project may be adversely affected by various factors including: (i) estimating errors, (ii) design and engineering errors, (iii) changes to the scope of the Project, (iv) delays in contract awards, (v) material and/or labor shortages, (vi) unforeseen site conditions, (vii) adverse weather conditions, (viii) contractor defaults, (ix) labor disputes, (x) unanticipated levels of inflation, (xi) environmental issues, (xii) litigation and (xiii) additional security improvements and associated costs mandated by the federal government. A delay in the completion of certain portions of the Project could increase costs for the Project, and may cause a change in the sequencing of other portions of the Project. There can be no assurance that the cost of construction of the Project will not exceed the currently projected dollar amount, or that a change in the sequencing of certain portions of the Project will not occur.

Dependence upon PFCs

While the Authority believes that PFCs will be collected at times and in amounts sufficient to provide for the timely payment of the principal of and interest on the Bonds, no assurance can be given that PFC collections will be provided at the time and in the amounts currently contemplated. In the event that the full amount of PFCs is not received by the MAA or the receipt of such PFCs is delayed, the MAA expects to alter the scope or change the sequencing of various portions of the Project. However, no assurance can be given that any such change of scope or delay in completion will result in sufficient PFCs to pay the principal of and interest on the Bonds when due. The Bonds may not be accelerated upon the occurrence of an Event of Default. See "PASSENGER FACILITY CHARGES -- The PFC Program for the MAA" above and "Limitation on Bondholders Remedies" below.

Competition, Alternative Modes of Transportation, and Travel Substitutes

BWI Marshall Airport's Air Service Area is the Washington-Baltimore metropolitan area, which includes Washington, D.C., Maryland, and Northern Virginia. Other Washington area airports, notably Ronald Reagan Washington National Airport and Washington Dulles International Airport, compete with BWI Marshall Airport. In addition, service to BWI Marshall Airport from cities in the Northeast corridor is subject to competition by rail and other forms of transportation which may become more attractive to passengers in the future with improvements in ground transportation service and in differences in costs of each form of transportation, and in light of security concerns and countermeasures. While the effects cannot be quantified, the use of business jets has been expanding rapidly and may hold down the return of high-yield business travel on commercial airlines at BWI Marshall Airport. Furthermore, the MAA may continue to experience increases in its operating costs due to compliance with federally mandated and other security and operating changes. Such increased costs may increase costs per enplaned passenger to the airlines, which could result in BWI Marshall Airport being at a competitive disadvantage relative to other airports and transportation modes.

Teleconference, video-conference and web-based meetings have improved in quality and price and are often considered a satisfactory alternative to face-to-face business meetings. The terrorist attacks of September 11, 2001 and subsequent terrorist threats have accelerated this trend. Although the impact cannot be quantified, it is possible that business travel to and from BWI Marshall Airport may be susceptible to such travel substitutes.

Limitation on Bondholders' Remedies

The Bonds may not be accelerated upon the occurrence of an Event of Default. Under the terms of the Trust Agreement, remedies for Events of Default are limited to such actions which may be taken at law or in equity. As a result, the MAA may be able to continue indefinitely collecting revenues and applying them to the operation of BWI Marshall Airport even if an Event of Default has occurred and no payments are made on the Bonds. See Appendix A — "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

In the event of a default in the payment of principal of or interest on the Bonds, the remedies available to the owners of the Bonds upon default are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing law, including the United States Bankruptcy Code. The approving opinions of Bond Counsel to the Authority with respect to the Bonds will be qualified as to enforceability of the various legal instruments by certain limitations, including limitations imposed by bankruptcy, reorganization, insolvency and equitable principles. See Appendix B hereto.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

TAX MATTERS

Maryland State Tax Exemption

Bond Counsel is of the opinion that by the terms of the Enabling Legislation, the Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt at all times from every kind and nature of taxation by the State or by any of its political subdivisions, municipal corporations, or public agencies of any kind. No opinion is expressed as to estate or inheritance taxes or any other taxes not levied or assessed directly on the Bonds, their transfer or the income therefrom.

Interest on the Bonds may be subject to state or local income taxes in jurisdictions other than the State under applicable state or local tax laws. Holders or prospective purchasers of the Bonds should consult their tax advisors regarding the taxable status of the Bonds in a particular state or local jurisdiction other than the State.

Federal Taxation of Bonds

In the opinion of Bond Counsel, assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, the interest on the Bonds will be excludable from gross income for federal income tax purposes, except with respect to any Bond during any period in which such Bond is owned by a "substantial user" of the Project or a "related person," as such terms are used in Section 147(a) of the Code.

Under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Bonds in order for interest on the Bonds to remain excludable from gross income for federal income tax purposes, including restrictions that must be complied with throughout the term of the Bonds. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Bonds; and (iii) other requirements applicable to the use of the proceeds of the Bonds and the facilities financed and refinanced with proceeds of the Bonds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Authority and the MAA have made certain covenants regarding actions required to maintain the excludability of interest on the Bonds from gross income for federal income tax purposes.

Further, Bond Counsel is of the opinion that interest on the Bonds will be includable in the alternative minimum taxable income of individuals, corporations or other taxpayers for income tax purposes and will be subject to the branch profits tax imposed on certain foreign corporations engaged in a trade or business in the United States of America.

In rendering this opinion, we have relied without independent investigation on the representations of certain officials of the Authority made on behalf of the Authority in its Tax Compliance Certificate and Agreement with respect to certain material facts within the knowledge of the Authority relevant to the tax-exempt status of interest on the Bonds, and certain related representations of certain officials of the MAA made on behalf of the MAA.

See Appendix B for the proposed form of opinion of Bond Counsel.

Certain Other Federal Income Tax Consequences

Certain Federal Income Tax Consequences of Ownership

There are other federal income tax consequences of ownership of obligations such as the Bonds under certain circumstances, including the following: (i) deductions are disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest; (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 15% of the sum of tax-exempt interest received or accrued and the deductible portion of dividends received by such companies; (iii) interest income which is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security or railroad retirement benefits are includable in gross income for federal income taxation purposes; (iv) for S corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, including interest on tax-exempt obligations such as the Series 2014 Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status; and (v) net gain realized upon the sale or other disposition of the Series 2014 Bonds must be taken into account when computing the 3.8% Medicare tax with respect to investment income imposed on certain higher income individuals and specified trusts and estates.

Tax Accounting Treatment of Bonds Constituting Discount Bonds

Certain maturities of the Bonds may be issued at an initial offering price which is less than the amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial offering price at which a substantial amount of the Discount Bonds of each maturity was sold and the principal amount of such Discount Bonds payable at maturity constitutes original issue discount. In the case of any holder of Discount Bonds, the amount of such original issue discount which is treated as having accrued with respect to such Discount Bonds is added to the original cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, early redemption or purchase or repayment at maturity). For federal income tax purposes (i) any holder of a Discount Bond will recognize gain or loss upon the disposition of such security (including sale, early redemption or purchase or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the sum of (1) the holder's original cost basis in such Discount Bond, and (2) the amount of original issue discount attributable to the period during which the holder held such Discount Bond, and (ii) the amount of the basis adjustment described in clause (i)(b)(2) will not be included in the gross income of the holder.

Original issue discount on Discount Bonds will be attributed to permissible compounding periods during the life of any Discount Bonds in accordance with a constant rate of interest accrual method. The yield to maturity of the Discount Bonds of each maturity is determined using permissible compounding periods. In general, the length of a permissible compounding period cannot exceed the length of the interval between debt service payments on the Discount Bonds and must begin or end on the date of such payments. Such yield then is used to determine an amount of accrued interest for each permissible compounding period. For this purpose, interest is treated as compounding periodically at the end of each applicable compounding period. The amount of original issue discount which is treated as having accrued in respect of a Discount Bond for any particular compounding period is equal to the excess of (i) the product of (a) the yield for the Discount Bond (adjusted as necessary for an initial short period) divided by the number of compounding periods in a year multiplied by (b) the amount that would be the tax basis of such Discount Bond at the beginning of such period if held by an original purchaser who purchased at the initial public offering price, over (ii) the amount actually payable as interest on such Discount Bond during such period. For purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the original issue discount that is treated as having accrued during all prior compounding periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then interest which would have accrued for that compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Holders of Discount Bonds should note that, under the tax regulations, the yield and maturity of a Discount Bond are determined without regard to commercially reasonable sinking fund payments and any original issue discount remaining unaccrued at the time that a Discount Bond is redeemed or purchased in advance of stated maturity will be treated as taxable gain. Moreover, tax regulations prescribe special conventions for determining the yield and maturity of certain debt instruments that provide for alternative payment schedules applicable upon the occurrence of certain contingencies.

The yields (and prices) provided by the successful bidder for the Bonds as shown on the inside cover of this Official Statement may not reflect the initial issue prices for purposes of determining the original issue discount for federal income tax purposes.

The foregoing summarizes certain federal income tax consequences of original issue discount with respect to the Discount Bonds but does not purport to deal with all aspects of federal income taxation that may be relevant to particular investors or circumstances, including those set out above. Prospective purchasers of Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on Discount Bonds. In addition, prospective corporate purchasers should consider possible federal tax consequences arising from original issue discount on such Discount Bonds under the alternative minimum tax and the branch profits tax. The amount of original issue discount considered to have accrued may be reportable in the year of accrual for state and local tax purposes or for purposes of the alternative minimum tax or the branch profits tax without a corresponding receipt of cash with which to pay any tax liability attributable to such discount. Purchasers with questions concerning the detailed tax consequences of transactions in the Discount Bonds should consult their tax advisors.

Purchase, Sale and Retirement of Bonds

Except as noted below in the case of market discount, the sale or other disposition of a Bond will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Bond will be its cost.

Upon the sale or retirement of a Bond, for federal income tax purposes a holder will recognize capital gain or loss upon the disposition of such security (including sale, early redemption or purchase or payment at maturity) in an amount equal to the difference between (a) the amount received upon such disposition and (b) the tax basis in such Bond, determined by adding to the original cost basis in such Bond the amount of original issue discount that is treated as having accrued as described above under "Tax Accounting Treatment of Bonds Constituting Discount Bonds." Such gain or loss will be long-term capital gain or loss if at the time of the sale or retirement the Bond has been held for more than one year. Present law taxes both long and short-term capital gains of corporations at the rates applicable to ordinary income. For non-corporate taxpayers, however, net capital gains will generally be taxed at a lower rate, while short-term capital gains will be taxed at the rates applicable to ordinary income. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses.

Market Discount

If a holder acquires a Bond after its original issuance at a discount from its principal amount (or in the case of a Bond issued at an original issue discount, at a price that produces a yield to maturity higher than the yield to maturity at which such Bond was first issued), the holder will be deemed to have acquired the Bond at "market discount," unless the amount of market discount is *de minimis*, as described in the following paragraph. If a holder that acquires a Bond with market discount subsequently realizes a gain upon the disposition of such Bond, such gain shall be treated as taxable interest income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

In the case of a Bond not issued at an original issue discount, market discount will be *de minimis* if the excess of such Bond's stated redemption or purchase price at maturity over the holder's cost of acquiring such Bond is less than 0.25% of the stated redemption or purchase price at maturity multiplied by the number of complete years between the date the holder acquires such Bond and its stated maturity date. In the case of a Bond issued with original issue discount, market discount will be *de minimis* if the excess of such Bond's revised issue price over the holder's cost of acquiring such Bond is less than 0.25% of the revised issue price multiplied by the number of complete years between the date the holder acquires such Bond and its stated maturity date. For this purpose, a Bond's "revised issue price" is the sum of (i) its original issue price and (ii) the aggregate amount of original issue discount that is treated as having accrued with respect to such Bond during the period between its original issue date and the date of acquisition by the holder.

Tax Accounting Treatment of Premium Bonds

A Bond will be considered to have been issued at a premium if, and to the extent that, the holder's tax basis in such Bond exceeds the amount payable at maturity (or, in the case of a Bond callable prior to maturity, the amount payable on the earlier call date). Under tax regulations applicable to the Bonds, the amount of the premium would be determined with reference to the amount payable on that call date (including for this purpose the maturity date) which produces the lowest yield to maturity on the Bonds. The holder will be required to reduce such holder's tax basis in the Bond for purposes of determining gain or loss upon disposition of the Bond by the amount of amortizable bond premium that accrues determined in the manner prescribed in the tax regulations. Generally, no deduction (or other tax benefit) is allowable in respect of any amount of amortizable bond premium on the Bonds.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not discuss all aspects of federal income taxation that may be relevant to a particular holder of Series Bonds in light of such holder's particular circumstances and income tax situation. Each holder of Series Bonds should consult such holder's tax advisor as to the specific tax consequences to such holder of the ownership and disposition of the Bonds, including the application of state, local, foreign and other tax laws.

Legislative Developments

Legislative proposals currently under consideration or proposed after issuance and delivery of the Bonds could adversely affect the market value of the Bonds. Further, if enacted into law, any such proposal could cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation and could otherwise alter or amend one or more of the provisions of federal tax law described above or their consequences. Prospective purchasers of the Bonds should consult with their tax advisors as to the status and potential effect of pending proposed legislative proposals, as to which Bond Counsel expresses no opinion.

NO LITIGATION AFFECTING THE BONDS

There is no litigation pending or, to the knowledge of the Authority, threatened, questioning the existence of the Authority, the validity of the Bonds, or any proceedings of the Authority taken with respect to the issuance or sale thereof, or seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or questioning the power of the Authority to collect and pledge revenues to pay the Bonds as provided in the Trust Agreement. There is no litigation pending or, to the knowledge of the Authority or the MAA, threatened, questioning the validity of the 2014 Financing Agreement or the 2014 Lease and Assignment Agreement or the ability of the MAA to transfer the Pledged Revenues to the Trustee on behalf of the Authority.

SALE AT COMPETITIVE BIDDING

The Bonds were offered by the Authority at a competitive sale on December 3, 2014. The interest rates shown on the inside front cover of this Official Statement are the interest rates that resulted from the award of the Bonds at the competitive sale. The initial prices or yields shown on the inside front cover of this Official Statement are based on information supplied to the Authority by Robert W. Baird & Co. Inc., the successful bidder. Other information concerning the terms of the reoffering of the Bonds, if any, should be obtained from Robert W. Baird & Co. Inc., and not from the Authority.

FINANCIAL ADVISOR

Public Financial Management, Inc. has been retained as financial advisor to the Department in connection with the sale of the Bonds and other matters pertinent thereto.

RATINGS

Moody’s Investors Service, Inc. (“Moody’s”) and Standard & Poor’s Rating Services (“S&P”) are expected to assign ratings to the Bonds of “A2” and “AA”, respectively, based on the understanding that a policy insuring the scheduled payments when due of the principal and interest on the Bonds will be provided by Assured Guaranty Municipal Corp. Moody’s, S&P and Fitch Ratings have assigned underlying ratings to the Bonds of “A2”, “A+”, and “A”, respectively. Any explanation of the significance of each of the ratings of the Bonds may be obtained from the rating agency furnishing the same. There is no assurance that such ratings will be obtained for any given period of time or that they may not be lowered or withdrawn entirely by such rating agencies, or any of them, if in their or its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the respective Bonds.

LEGAL MATTERS

The validity of the issuance of the Bonds will be passed upon and is subject to the approving opinion of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel to the Authority ("Bond Counsel"). Certain legal matters will also be passed upon for the Authority by Kimberly A. Millender, Assistant Attorney General and Principal Counsel to the Authority, and for the MAA by Louisa H. Goldstein, Assistant Attorney General and Counsel to the MAA. The proposed form of the approving opinion of Bond Counsel is included in Appendix B.

CONTINUING DISCLOSURE AGREEMENT

In order to enable the bidders for the Bonds to comply with the requirements of paragraph (b)(5) of the Securities and Exchange Commission Rule 15c2-12 (the "Rule"), the Authority will execute and deliver, on or before the date of issuance and delivery of the Bonds, a Continuing Disclosure Agreement, the form of which is attached as Appendix C. Potential purchasers should note that certain of the 14 events listed in Section 5(a) of the Continuing Disclosure Agreements have been included for purposes of compliance with the Rule but are not relevant for the Bonds.

The following information describes the instances of non-compliance occurring in the previous five years known to the Authority with the terms of certain previous continuing disclosure undertakings entered into by the Authority pursuant to the Rule. The Authority recently discovered that it inadvertently did not file notices of certain rating upgrades with respect to certain bonds for which the Authority undertook continuing disclosure obligations. The Authority has subsequently made these filings and taken steps to ensure that future rating changes will be filed in a timely manner. With the exception of the foregoing (to the extent the foregoing constitutes a material failure), the Authority believes it has complied in all material respects with its obligations under its previous continuing disclosure undertakings pursuant to the Rule during the last five years with the exception of the foregoing.

RELATIONSHIPS

McKennon Shelton & Henn LLP, Bond Counsel to the Authority in connection with the issuance of the Bonds, also serves from time to time as bond counsel to the Department on other unrelated matters.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, forecasts or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made by the Authority, the Department or the MAA that any of the opinions, forecasts or estimates will be realized. This Official Statement is not intended to be construed as a contract or agreement between the Authority and any purchaser or owner of any of the Bonds.

The Trustee has not participated in the preparation of this Official Statement. Copies of the Trust Agreement and other agreements described in this Official Statement may be obtained upon written request from the Executive Director of the Authority.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

MARYLAND TRANSPORTATION AUTHORITY

By: /s/ Bruce W. Gartner
Bruce W. Gartner
Executive Director

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

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SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

The following is a summary of certain provisions of the Trust Agreement. It is not a complete recital of the terms of the Trust Agreement and reference should be made to the Trust Agreement for a complete statement of its terms. Words and terms used in this summary shall have the same meanings as in the Trust Agreement, except where otherwise noted.

Definitions *(Section 1.01 and Second Supplement)*

In addition to terms defined elsewhere in this Official Statement, the following are definitions of certain terms used in this Official Statement. Terms used but not defined herein shall have the meanings set forth in the Trust Agreement.

"Additional Bonds" means the Series 2014 Bonds and any other bond, note or other evidence of obligation issued by the Authority pursuant to the Trust Agreement.

"Additional Facilities" means the Project and any other "transportation facilities project" as defined in the Enabling Legislation and any other facility for which Additional Bonds may be issued pursuant to the Enabling Legislation that is financed or refinanced with proceeds of any Additional Bonds.

"Administrative Expenses" means any expenditures reasonably and necessarily incurred by the Authority by reason of its issuance and administration of any Bonds and the performance of its obligations under the Trust Agreement, including (without limitation) fees and expenses of the Trustee (whether as Trustee or Registrar and Paying Agent for the Bonds) and any Auction Agent, fees and expenses of preparing annual disclosure statements, fees and expenses of calculating rebates, fees and expenses of the issuer of any Credit Facility securing any Bonds, the Remarketing Agent and any Broker-Dealer or other similar agent not otherwise paid or provided for, legal, financing and administrative expenses, fees and expenses of the Authority's financial advisor and expenses incurred by the Authority to compel full and punctual performance of the provisions of the Lease and Assignment and the Financing Agreement.

"Agency Obligations" means direct obligations, including bonds, debentures, notes, participation certificates or similar obligations of, or obligations the timely payment of the principal of and the interest on which are unconditionally guaranteed by any agency or instrumentality of the United States of America or their successors.

"Applicable Law" means any law, regulation, requirement or order of any federal, state or local agency, court or other governmental body applicable from time to time to the acquisition, design, construction, equipping, financing, ownership, possession or operation of all, or any portion, of the Facilities or the performance of any of the obligations of the Authority under the Trust Agreement, including (without limitation) all permits, licenses and governmental approvals required for the operation of any portion of the Facilities.

"Authorized Denomination" means, with respect to the Series 2014 Bonds, $5,000 and any integral multiple thereof.

"Balloon Debt" means Indebtedness 25% or more of the principal amount of which matures in the same 12-month period, which portion of such principal amount is not required to be amortized by redemption prior to such period.

"Bond" or **"Bonds"** means the Series 2003 Bonds, Series 2012A Bonds, the Series 2012B Bonds, the Series 2012C Bonds, the Series 2014 Bonds and any Additional Bonds, collectively.

"Bond Counsel" means an attorney or firm of attorneys having a national reputation in the field of municipal law whose legal opinions are generally accepted by purchasers of municipal bonds designated by the Authority as its bond counsel from time to time. The firm of McKennon Shelton & Henn LLP is recognized as constituting Bond Counsel, subject to further action by the Authority.

"Bond Year" means the period from and including June 2 of each year to and including June 1 of the immediately succeeding year.

"Cost" as applied to any Additional Facilities, includes the cost of and all expenses incident to the construction, reconstruction, acquisition, improvement, extension, alteration, modernization, planning, maintenance and repair of such Additional Facilities, including (without limitation) the cost and expenses of (a) all property acquired in connection with it; (b) financial, architectural, consulting, engineering and legal services; (c) plans, specifications, surveys, estimates, feasibility reports and direct and indirect labor, material, equipment and administrative expenses; and (d) financing such Additional Facilities, including (without limitation) financing charges and interest before, during and for one year after completion of construction.

"Credit Facility" means the letter of credit securing the 2012C Bonds and any other credit or liquidity facility securing any Bond or held to the credit of any fund or account created by the Trust Agreement and any alternate credit facility delivered in substitution therefor.

"Credit Facility Agreement" means the agreement under which the letter of credit securing the Series 2012C Bonds was issued and any other agreement, pursuant to which any Credit Facility is issued.

"Debt Service Requirements" means, when used with respect to any Bonds for any Bond Year, as of any particular date of calculation, the amount required to pay the sum of (a) the interest on such Bonds payable during the period from the second day of such Bond Year through the first day of the immediately succeeding Bond Year, and (b) the principal of, the Sinking Fund Installment for and any other amount required to effect any mandatory redemption of such Bonds, if any, during such Bond Year less any amount of such interest or principal for the payment of which moneys or Permitted Investments, the principal of and interest on which when due will provide for such payment when due, are held in trust and pledged to such payment, including (without limitation) any accrued interest and capitalized interest on deposit in any Bond Fund or Construction Fund. For the purpose of calculating the Debt Service Requirements:

(a) with respect to any Variable Rate Indebtedness:

(i) for the purpose of calculating the Debt Service Reserve Fund Requirement and the principal amount of any such Indebtedness constituting Balloon Debt payable in any Bond

Year described in clause (b) below, such Indebtedness shall be deemed to bear interest at the fixed rate that it would have borne had it been issued at a fixed rate for the term thereof, as evidenced by a certificate of an investment banking firm or financial advisor knowledgeable in financial matters relating to the Facilities satisfactory to the Authority, who may be, without limitation, the financial advisor to the Authority, confirming such interest rate assumption as reasonable, *provided* that if the Authority shall have entered into a Qualified Hedging Transaction identified in the records of the Authority with respect to such Indebtedness, at the option of the Authority, such Indebtedness shall be deemed to bear interest at the rate payable by the Authority under such Qualified Hedging Transaction;

(ii) for all other purposes of the Trust Agreement, such Indebtedness shall be deemed to bear interest at an annual rate equal to (A) in the case of any period during which such Indebtedness shall have been outstanding, the weighted average interest rate per annum borne by such Indebtedness during such period and (B) in any other case, the higher of (1) the weighted average interest rate per annum borne by such Indebtedness during the 12-month period ending on the date of calculation (or, in the case of any Indebtedness to be issued during the immediately preceding 12-month period, the weighted average interest rate per annum borne by other outstanding indebtedness having comparable terms and of comparable creditworthiness during the immediately preceding 12-month period, as evidenced by a certificate of an investment banking firm or a financial advisor knowledgeable in financial matters relating to the Facilities satisfactory to the Authority, who may be, without limitation, the financial advisor to the Authority) and (2) the interest rate per annum borne by such Indebtedness on the date of calculation, *provided* that if any Qualified Hedging Transaction identified in the records of the Authority with respect to any such Indebtedness shall be in effect for the period for which such calculation is to be made, at the option of the Authority, such Indebtedness shall be deemed to bear interest at the rate payable by the Authority under such Qualified Hedging Transaction during such period;

(b) with respect to any Balloon Debt, the principal amount of such Indebtedness payable in each Bond Year may be deemed to be the amount that would payable during such Bond Year if such Indebtedness were required to be amortized in full from the date of its issuance in substantially equal annual installments of principal (such principal to be rounded to the nearest $5,000) and interest over a term equal to the shorter of (i) 30 years and (ii) 120% of the weighted average economic life of the facilities financed or refinanced thereby;

(c) with respect to any Optional Tender Debt, the option of the holder thereof to tender such Indebtedness for purchase or redemption prior to maturity shall be disregarded; and

(d) with respect to any Credit Facility Agreement, so long as no demand for payment under the Credit Facility issued under such Credit Facility Agreement shall have been made, the debt service requirements of such Credit Facility Agreement shall be excluded from such calculation.

"Debt Service Reserve Fund Credit Facility" means any Credit Facility held to the credit of the Debt Service Reserve Fund.

"Engineer" means an individual or firm of engineers registered in the State (who may be, without limitation, an employee of the Authority, the Department, the MAA or the State or any agency or political subdivision thereof) designated and retained by the Authority to perform the activities required by the Trust Agreement to be performed by the Engineer.

"Facilities" means the facilities financed with proceeds of Series 2003 Bonds, the Series 2012A Bonds, the Series 2012B Bonds, the Series 2012C Bonds, the Project and any other Additional Facilities.

"Favorable Opinion of Bond Counsel" means, when used with respect to or in connection with any action, a written opinion of Bond Counsel to the effect that such action will not adversely affect the excludability from gross income of interest paid on any Tax-Exempt Bond for federal income tax purposes.

"Fitch" means Fitch Ratings and its successors and assigns.

"Generally Accepted Accounting Principles" means generally accepted accounting principles in the United States of America applicable in the preparation of financial statements of governmental units, as promulgated by the Governmental Accounting Standards Board or such other body as shall be recognized as authoritative by the American Institute of Certified Public Accountants or any successor body (as such principles may change from time to time), applied on a consistent basis (except for changes in application in which the Independent Public Accountant concurs) applied both to classification of items and amounts.

"Government Obligations" means direct obligations of, or obligations that are unconditionally guaranteed by, the United States of America, including (without limitation) obligations of Resolution Funding Corporation.

"Holder" or **"holder"** or **"Bondholder"** or any similar term means the registered owner of any Bond.

"Indebtedness" means any indebtedness or liability for borrowed money, any installment sale obligation or any obligation under any lease that is capitalized under Generally Accepted Accounting Principles, to the extent that any of the foregoing is payable from the Pledged Revenues.

"Independent Consultant" means an independent consulting firm having a favorable reputation for skill and experience with respect to the design, construction and operation of transportation facilities or the determination of the economic feasibility of such facilities, designated and retained by the Authority to perform the activities required by the Trust Agreement to be performed by the Independent Consultant.

"Independent Public Accountant" means an individual, partnership or corporation engaged in the accounting profession, either entitled to practice, or having members or officers entitled to practice, as a certified public accountant under the laws of the State and in fact independent, employed by the Authority from time to time to pass upon those matters required by the Trust Agreement to be passed upon by an Independent Public Accountant. The firm of Ernst & Young is recognized as constituting the Independent Public Accountant, subject to further action by the Authority.

“Interest Payment Date” means, with respect to the Series 2014 Bonds, June 1 and December 1 of each year and the maturity or redemption date of the Series 2014 Bonds.

“Maximum Annual Debt Service” means, when used with reference to any Bonds for any Bond Year, as of any particular date of computation, the greatest amount required in the then-current or any future Bond Year to pay the Debt Service Requirements of such Bonds.

“Moody’s” means Moody’s Investors Service, Inc. and its successors and assigns.

“Permitted Investment” means each of the following investments to the extent that the amounts to be invested therein are then permitted to be invested in such investments under Applicable Law:

(a) Government Obligations;

(b) Agency Obligations;

(c) interest bearing time deposits, certificates of deposit or similar arrangements (“Deposits”) with any commercial bank, trust company or savings and loan association (including, without limitation, the Trustee), *provided* that, to the extent such Deposits are not fully insured by the Federal Deposit Insurance Corporation, the outstanding unsecured long-term indebtedness of such commercial bank, trust company or savings and loan association (or its holding company) is rated by a Rating Agency in one of its two highest Rating Categories, and such Deposits are continuously secured by lodging with a bank or trust company, as collateral security, obligations described in clause (a), (b), (e) or (f) below, having a market value, calculated no less frequently than weekly, not less than 102% of the amount of such Deposit;

(d) repurchase agreements provided by financial institutions the outstanding unsecured long-term indebtedness of which is rated by a Rating Agency in one of its two highest Rating Categories for obligations described in clause (a) or (b) above, *provided* that (i) such obligations shall be (A) delivered to the Authority or the Trustee (as the case may be) or supported by a safekeeping receipt issued by a depository satisfactory to the Authority or the Trustee (as the case may be) if issued in certificated form, or (B) supported by a receipt or other confirmatory documentation satisfactory to the Authority or the Trustee (as the case may be) if issued in book-entry form, (ii) the Authority or the Trustee (as the case may be) shall have a perfected security interest in such obligations, (iii) such obligations shall be free and clear of any other liens or encumbrances, and (iv) such repurchase agreements shall provide that the value of the underlying obligations shall be continuously maintained at a current market value, calculated no less frequently than weekly, of not less than 102% of the purchase price;

(e) obligations issued by or on behalf of any state of the United States of America or any political subdivision thereof for the payment of the principal or redemption price of and interest on which there shall have been irrevocably deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment;

(f) any other obligations issued by or on behalf of any state of the United States of America or any political subdivision thereof, *provided* that such obligations, or other obligations of the issuer thereof of comparable maturities that are secured equally and ratably with such obligations, shall be rated by a Rating Agency in one of its two highest Rating Categories;

(g) banker's acceptances issued by any commercial bank, trust company or savings and loan association (including, without limitation, the Trustee), the outstanding unsecured long-term indebtedness of which is rated by a Rating Agency in one of its two highest Rating Categories;

(h) commercial paper or finance company paper rated by a Rating Agency in its highest Rating Category;

(i) investment agreements, including (without limitation) forward purchase agreements pursuant to which the Trustee agrees to purchase securities of the type described in clause (a), (e), (f) or (h) above, *provided* that (a) the outstanding unsecured long-term indebtedness of the provider thereof (or of its holding company) is rated by a Rating Agency in one of its two highest Rating Categories, (b) such agreements are continuously secured by obligations described in clause (a), (b), (e), (f) or (h) above, (iii) the Authority or the Trustee (as the case may be) shall have a perfected security interest in such obligations, (d) such obligations shall be free and clear of any other liens or encumbrances, and (e) such investment agreements shall provide that the value of the underlying obligations shall be maintained at a current market value, calculated no less frequently than weekly, of not less than 102% of the amount deposited thereunder;

(j) shares in investment companies that invest only in obligations described in clauses (a), (b), (c), (d), (e), (f), (g), (h) and (i) above (including any proprietary mutual fund, money market fund or short term investment fund maintained by the Trustee and for which the Trustee or an affiliate is investment advisor, or provides other services, and receives reasonable compensation for such services).

"Pledged Revenues" means (a) all PFCs in an amount up to $4.50 assessed to eligible passengers enplaning at BWI Airport on and after July 1, 2004 payable to the MAA, (b) any additional PFCs which may be pledged by the Authority under the Trust Agreement as part of the Trust Estate pursuant to a Supplemental Trust Agreement, (c) interest earnings on the funds and accounts created by the Trust Agreement, (d) all amounts payable to or for the benefit of the Authority or the Trustee pursuant to any Qualified Hedging Transaction and (e) all rights to receive the same and the proceeds of such rights, whether now existing or hereafter coming into existence.

"Qualified Hedging Transaction" means any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction or other hedging arrangement, which is intended to convert or limit the interest rate payable with respect to any Bonds, and which (a) is designated in writing to the Trustee by the Authority as a Qualified Hedging Transaction related to all or part of one or more Series of Bonds; (b) is with a Qualified Hedge Provider; and (c) has a term not greater than the term of the designated Bonds or a specified date for mandatory tender or redemption of such designated Bonds.

"Qualified Hedge Provider" means a financial institution whose senior long-term debt obligations are rated by a Rating Agency in one of the two highest Rating Categories, or whose obligations under any Qualified Hedging Transaction are guaranteed by a financial institution or subsidiary of a financial institution whose senior long-term debt obligations are rated in one of the three highest Rating Categories by a Rating Agency.

"Rating Agency" means Fitch, Moody's, S&P or any other securities rating agency that, at the request of the Authority, shall have assigned a rating that is then in effect with respect to any Bonds, and their successors and assigns, and "**Rating Agencies**" means each such Rating Agency, collectively.

"Rating Category" means one of the general rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

"Redemption Price" means, when used with respect to any Bond or portion thereof, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Trust Agreement.

"Sinking Fund Installment" means the amount of money provided in the Trust Agreement to redeem Bonds of such Series at the times and in the amounts provided in the Trust Agreement. The Sinking Fund Installments for the Series 2014 Bonds are set forth above under "THE BONDS – Redemption – Mandatory Sinking Fund Redemption."

"S&P" means Standard & Poor's Ratings Services and its sucessors and assigns.

"Third Supplement" means the Third Supplemental Trust Agreement dated as of December 1, 2014 between the Authority and the Trustee.

"Trust Estate" means all property, rights and other assets that from time to time may be pledged and assigned to the Trustee under the Trust Agreement.

"Variable Rate Indebtedness" means, as of any particular date, any Indebtedness the interest rate on which is not established at a fixed rate or rates for the remaining term thereof.

"2012/14 Debt Service Reserve Fund Requirement" means when used with respect to or in connection with the Series 2012/14 Debt Service Reserve Fund, as of any particular date of computation, an amount equal to the least of (a) 10% of the proceeds of the Bonds secured thereby, (b) Maximum Annual Debt Service on all outstanding Bonds secured thereby, and (c) 125% of the average annual debt service requirements of all Bonds secured thereby.

Additional Bonds *(Section 2.05)*

The Trust Agreement authorizes the issuance, from time to time, of Additional Bonds by the Authority for any purpose for which indebtedness may be incurred by the Authority under the Enabling Legislation, including (without limitation): (a) refinancing, refunding or advance refunding of any Outstanding Indebtedness ("Refunding Purposes"), (b) obtaining funds to pay the Cost of completing the Project or any other Additional Facilities ("Completion Purposes"), (c) obtaining funds necessary to pay the costs of land acquisition or improvements to any Facilities, including (without limitation), repairs, replacements or improvements required as a result of any casualty or taking or other extraordinary occurrence or to meet the requirements of Applicable Law ("Extraordinary Maintenance Purposes") or (d) obtaining funds to pay the Cost of any Additional Facilities. Additional Bonds may be issued to pay the costs incurred in connection with the issuance and sale of any Bonds, to establish reserves and to pay interest on any Bonds prior to and during acquisition and construction. Each Additional Bond shall be on parity with, and shall be entitled to the same benefit and security of, the Trust Agreement as the Series 2012A Bonds, the Series 2012B Bonds, the Series 2012C Bonds, the Series 2014 Bonds and any other Additional Bonds that may be issued from time to time, to the extent provided in the Trust Agreement.

The Supplemental Trust Agreement authorizing the issuance of any Series of Additional Bonds shall specify the maturities and redemption provisions of such Additional Bonds, the form and denominations thereof and other details of such Additional Bonds. Without limiting the generality of the foregoing, Additional Bonds may constitute Variable Rate Indebtedness, Optional Tender Debt or Balloon Debt, as shall be determined by the Authority, in its discretion. The Authority may provide for the creation of a separate Bond Fund, Debt Service Reserve Fund or Redemption Fund and other funds and accounts for any Series of Additional Bonds as shall be deemed advisable by the Authority. Amounts on deposit in the funds and accounts created for particular Series of Bonds available for the payment of any Bonds shall be applied solely to the payment of the principal or Redemption Price of and interest on, or the purchase price of, the Bonds of such Series or to the reimbursement of the issuer of any Credit Facility securing such Bonds and shall not be available to satisfy the claims of Holders of Bonds of any other Series or the issuer of any Credit Facility securing any other Series of Bonds.

The Supplemental Trust Agreement authorizing the issuance of any Additional Bonds shall provide for the deposit of Pledged Revenues in the Bond Fund and the Debt Service Reserve Fund, if any, maintained for such Bonds, which deposits shall be made not more frequently than monthly except to the extent required to pay the principal of and interest on such Bonds when due.

The Supplemental Trust Agreement authorizing the issuance of any Series of Additional Bonds may provide that any proceeds of such Additional Bonds and investment earnings thereon remaining after the completion of the Project or any Additional Facilities financed with the proceeds of such Additional Bonds shall be applied to the payment or redemption of such Series of Additional Bonds.

Any Supplemental Trust Agreement authorizing the issuance of other Additional Bonds may provide that (i) such Series of Additional Bonds shall be secured by the Series 2012/14 Debt Service Reserve Fund, (ii) such Series of Additional Bonds shall not be secured by a Debt Service Reserve Fund, or (iii) such Series of Additional Bonds shall be secured by a separate Debt Service Reserve Fund. If any Supplemental Trust Agreement authorizing the issuance of any Series of Additional Bonds provides that such Additional Bonds shall be secured by the Series 2012/14 Debt Service Reserve Fund, such Supplemental Trust Agreement shall provide for the deposit in the Series 2012/14 Debt Service Reserve Fund on the date of issuance of such Additional Bonds of the amount, if any, necessary to make the amount on deposit therein equal to the Debt Service Reserve Fund Requirement after giving effect to the issuance of such Additional Bonds. Such Supplemental Trust Agreement may provide that the amount of any increase in the Debt Service Reserve Fund Requirement resulting from the issuance of such Additional Bonds shall be applied to the final payments of the principal or Redemption Price of such Additional Bonds.

If the Supplemental Trust Agreement authorizing the issuance of any Additional Bonds provides that such Series of Additional Bonds shall be secured by a separate Debt Service Reserve Fund, such Supplemental Trust Agreement shall (i) establish the amount of the Debt Service Reserve Fund Requirement for such Debt Service Reserve Fund, (ii) provide the period during which any deficiency shall be cured, (iii) contain provisions with respect to the issuance of any other Additional Bonds secured by such Debt Service Reserve Fund and (iv) provide such terms with respect to the valuation of such Debt Service Reserve Fund, the application of any earnings on or surpluses in such Debt Service Reserve Fund and any Credit Facilities held to the credit of such Debt Service Reserve Fund (which terms may be different from those applicable to the Series 2012/14 Debt Service Reserve Fund) as the Authority shall deem appropriate, any other provision of the Trust Agreement to the contrary notwithstanding. If a separate Debt Service Reserve Fund is created for any Series of Bonds, the Debt Service Reserve Fund Requirement shall be calculated separately for each Series of Bonds for which a separate Debt Service Reserve Fund is maintained.

Prior to the issuance of any Additional Bonds there shall be delivered to the Trustee, among other items, each of the following:

(i) a Certificate of the Authority to the effect that, upon the authentication and delivery of such Additional Bonds, no Event of Default shall exist under the Trust Agreement;

(ii) unless such Additional Bonds are issued or incurred for Refunding Purposes, the written approval of FAA for payment of the costs of such Additional Facilities with PFCs;

(iii) unless such Additional Bonds are issued or incurred for Refunding Purposes, Completion Purposes or Extraordinary Maintenance Purposes and the items described below are furnished to the Trustee, a Certificate of the Authority to the effect that (A) the amount of the Pledged Revenues actually collected in the most recent Bond Year was not less than 150% of the Debt Service Requirements of Outstanding Bonds for such Bond Year and (B) the estimated Pledged Revenues during each of the five immediately succeeding Bond Years are projected to be not less than 150% of the Debt Service Requirements of Outstanding Bonds for such Bond Year, taking into account the Additional Bonds then to be issued; and

(iv) the amount, if any, required to make the amount on deposit in the Debt Service Reserve Fund equal the respective Debt Service Reserve Fund Requirements upon the issuance of such Additional Bonds.

If Additional Bonds are issued or incurred for Completion Purposes or Extraordinary Maintenance Purposes, the certificate described in clause (iii) above need not be provided to the Trustee if, in lieu thereof, there shall be furnished to the Trustee (I) a Report of an Independent Consultant to the effect that the amount of the Pledged Revenues for each of the five full Bond Years following the date on which the proceeds of such Additional Bonds are expected to have been fully applied is projected to be not less than the Debt Service Requirements of all Outstanding Long-Term Indebtedness as of the last day of each such Bond Year, and (II) a Report of an Engineer to the effect that the proceeds of such Additional Bonds do not exceed the amount necessary to accomplish the intended Completion Purpose or Extraordinary Maintenance Purpose, respectively.

If Additional Bonds are issued or incurred for Refunding Purposes, the approval of the FAA described in clause (ii) above need not be provided to the Trustee if there shall be furnished to the Trustee a Certificate of the Authority to the effect that the Maximum Annual Debt Service on Outstanding Bonds, taking into account the issuance of such Additional Bonds and the Bonds to be refinanced or refunded, will not be increased by more than ten percent during the life of any then Outstanding Bonds that are not refinanced or refunded with proceeds of such Additional Bonds.

Creation of Funds *(Section 4.01 and Third Supplement)*

The following funds, among others, are created by the Trust Agreement: PFC Revenue Fund, 2014 Construction Fund, 2014 Bond Fund, Series 2012/14 Debt Service Reserve Fund, Redemption Fund, Facility Improvements Fund and Rebate Fund. Pending the application of amounts on deposit in the PFC Revenue Fund, the 2014 Construction Fund, the Redemption Fund and the Facility Improvements Fund in accordance with the Trust Agreement, such amounts are pledged to the payment of all Outstanding Bonds. Pending the application of amounts on deposit in the 2014 Bond Fund and the Series 2012/14 Debt Service Reserve Fund in the Trust Agreement, such amounts are pledged to the payment of the Series 2014 Bonds and may be pledged to the payment of Additional Bonds. The Rebate Fund is not pledged to the payment of any Bonds.

Deposit of Pledged Revenues *(Section 4.03 and Third Supplement)*

(a) Pledged Revenues received by the Trustee shall be deposited by the Trustee into the PFC Revenue Fund. On the first day of each month, the Trustee shall transfer amounts in the PFC Revenue Fund as follows in the following order of priority:

(i) to the Bond Fund maintained for the 2012A Bond Fund, the 2012B Bond Fund, the 2012C Bond Fund and the 2014 Bond Fund, respectively:

(A) in the case of the 2014 Bond Fund maintained for the Series 2014 Bonds, the sum of (1) the lesser of (I) one-sixth (1/6) of the interest becoming due on the outstanding Series 2014 Bonds on the immediately succeeding Interest Payment Date and (II) the amount, if any, necessary to make the amount on deposit therein equal to interest becoming due on the outstanding Series 2014 Bonds on the immediately succeeding Interest Payment Date; (2) the lesser of (I) one-twelfth (1/12) of the amount of the principal of and any Sinking Fund Installment for the Series 2014 Bonds Outstanding becoming due on the immediately succeeding June 1, and (II) the amount, if any, necessary to make the amount on deposit therein equal to principal of and any Sinking Fund Installment for the outstanding Series 2014 Bonds becoming due on the immediately succeeding June 1; and (3) an amount equal to any deficiency in the amount deposited in the 2014 Bond Fund in any prior month below the amount which was required to be deposited in the 2014 Bond Fund in accordance with this paragraph;

(B) in the case of the 2012B-C Bond Fund maintained for the Series 2012B Bonds and the Series 2012C Bonds, (i) with respect to the Series 2012B Bonds, to a subaccount for the Series 2012B Bonds within the 2012B-C Interest Account, the lesser of (A) one-sixth (1/6) of the interest becoming due on the outstanding Series 2012B Bonds on the immediately succeeding Interest Payment Date with respect to the Series 2012B Bonds, and (B) the amount, if any, necessary to make the amount on deposit therein equal to interest becoming due on the outstanding Series 2012B Bonds on the immediately succeeding Interest Payment Date; and (ii) with respect to the Series 2012C Bonds, to a subaccount for the Series 2012C Bonds within the 2012B-C Interest Account, (A) during any Daily Rate Period, Weekly Rate Period, Fixed Rate Period of fewer than six months or Commercial Paper Period of fewer than six months, the amount equal to the interest becoming due on the Series 2012C Bonds on the immediately succeeding Interest Payment Date or such lesser amount as shall be required to make the amount on deposit in such subaccount of the 2012B-C Interest Account equal to the interest becoming due on the outstanding Series 2012C Bonds on the immediately succeeding Interest Payment Date, (B) during any Fixed Rate Period or Commercial Paper Period of six months or longer, one sixth (1/6) of the amount equal to the interest becoming due on the Series 2012C Bonds on the immediately succeeding Interest Payment Date or such lesser amount as shall be required to make the amount on deposit in such subaccount of the 2012B-C Interest Account equal to the interest becoming due on the outstanding Series 2012C Bonds on the immediately succeeding Interest Payment; and

(C) in the case of the Bond Fund maintained for the Series 2012A Bonds, the sum of (1) the lesser of (I) one-sixth (1/6) of the interest becoming due on the outstanding Series 2012A Bonds on the immediately succeeding Interest Payment Date and (II) the amount, if any, necessary to make the amount on deposit therein equal to interest becoming due on the outstanding Series 2012A Bonds on the immediately succeeding Interest Payment Date; (2) the lesser of (I) one-twelfth (1/12) of the amount of the principal of and any Sinking Fund Installment for the Series 2012A Bonds Outstanding becoming due on the immediately succeeding June 1, and (II) the amount, if any, necessary to make the amount on deposit therein equal to principal of and any Sinking Fund Installment for the outstanding Series 2012A Bonds becoming due on the immediately succeeding June 1; and (3) an amount equal to any deficiency in the amount deposited in the 2012A Bond Fund in any prior month below the amount which was required to be deposited in the 2012A Bond Fund in accordance with this paragraph;

(ii) to the payment of any Administrative Expenses then due and any amounts payable under the Credit Facility Agreements;

(iii) to the Series 2012/14 Debt Service Reserve Fund, beginning in the month immediately succeeding any month in which the Authority receives notice of any deficiency in such Debt Service Reserve Funds, respectively, (A) one-fourth (1/4) of the amount of such deficiency if the value of the assets credited to such Debt Service Reserve Fund is less than 90% of the Debt Service Reserve Fund Requirement and such deficiency results from a decline in the value of the assets of such Debt Service Reserve Fund, (B) one-twelfth (1/12) of the amount of such deficiency if such deficiency results from a withdrawal from such Debt Service Reserve Fund or (C) one-sixth (1/6) of the amount of such deficiency if such deficiency results from the failure of the Authority to deliver to the Trustee a Debt Service Reserve Fund Credit Facility (or a commitment therefor) which meets the requirements of the Trust Agreement described below under "Investments" in substitution for any Debt Service Reserve Fund Credit Facility prior to the first day of the sixth month before the expiration of the Debt Service Reserve Fund Credit Facility then in effect, in each case until the amount credited to such Debt Service Reserve Fund equals the Debt Service Reserve Fund Requirement;

(iv) to the payment of any termination payment then due and any amounts other than regularly scheduled hedge payments under any Qualified Hedging Transaction; and

(v) to the Facility Improvements Fund any balance remaining.

(b) In accordance with the Trust Agreement, if on any date on which any amounts are required to be transferred from the PFC Revenue Fund or any other fund created by the Trust Agreement (i) to the Bond Fund, the amount on deposit therein shall be insufficient to make all transfers required to be made to the Bond Fund created by the Trust Agreement for the Series 2012A Bonds, the 2012B-C Bonds, the Series 2014 Bonds and any Bond Fund created pursuant to any Supplemental Trust Agreement for any other Additional Bonds (collectively, the "Bond Funds"), then the Trustee shall allocate the amount available to be transferred to the Bond Fund on such date *pro rata* among all of the Bond Funds on the basis of the respective amounts of the principal of, the Sinking Fund Installments for and the interest on the Series of Bonds secured thereby required to be deposited on such date, or (ii) to the Debt Service Reserve Fund, the amount on deposit therein shall be insufficient to make all transfers required to be made to the Series 2012/14 Debt Service Reserve Fund and any Debt Service Reserve Fund created pursuant to any Supplemental Trust Agreement for any other Additional Bonds (collectively, the "Debt Service Reserve Funds"), then after the transfers to the Bonds Funds and the Administrative Expenses Fund required to be made under the Trust Agreement on such date, the Trustee shall allocate the amount available to be transferred to the Debt Service Reserve Fund on such date *pro rata* among all of the Debt Service Reserve Funds on the basis of the respective aggregate principal amounts of the Bonds Outstanding secured by such Debt Service Reserve Funds.

Construction Fund *(Section 4.04)*

Amounts held in the 2014 Construction Fund shall be applied to pay the Costs of or relating to the Project.

As soon as practicable after the Completion Date of the Project, the Authority shall deliver to the Trustee a Certificate of the Authority certifying any amounts to be retained in the 2014 Construction Fund to pay any unpaid costs of the Project. The Trustee shall transfer any balance on deposit in the 2014 Construction Fund that is not required to pay any unpaid Costs of the Project as follows and in the following order of priority:

FIRST: to the Debt Service Reserve Fund, such amount as shall be necessary to make the amount credited to the Debt Service Reserve Fund equal the Debt Service Reserve Fund Requirement; and

SECOND: to the Facility Improvements Fund, the Redemption Fund or the Bond Fund, as shall be directed by Order of the Authority.

2014 Bond Fund *(Third Supplement)*

Amounts on deposit in the 2014 Bond Fund shall be applied as described below.

(a) Interest. On each Interest Payment Date with respect to outstanding Series 2014 Bonds, the Trustee shall pay or cause to be paid from the 2014 Bond Fund the amount required to pay the interest due on such date.

(b) Principal. On each date on which the principal of the Outstanding Series 2014 Bonds becomes due, the Trustee shall pay or cause to be paid from the 2014 Bond Fund the amount required to pay the principal due on such date.

(c) Sinking Fund Installments. Moneys in the 2014 Bond Fund for the payment of Sinking Fund Installments on such Bonds shall be applied to the purchase or redemption of such Bonds as follows:

(i) Subject to the provisions of paragraph (ii) below, prior to the due date for the payment of each Sinking Fund Installment for such Bonds, the Trustee shall direct the Registrar and Paying Agent to call for redemption Outstanding Series 2014 Bonds subject to redemption from such Sinking Fund Installment in an aggregate principal amount equal to such Sinking Fund Installment, less the amount previously credited against such Sinking Fund Installment as described in paragraph (iii) below. On the date fixed for redemption of such Bonds, the Trustee shall pay or cause to be paid from the 2014 Bond Fund an amount equal to the principal amount of such Bonds so called for redemption.

(ii) Upon the direction of the Authority, the Trustee shall endeavor to purchase Outstanding Series 2014 Bonds subject to redemption from the Sinking Fund Installment due on any date from amounts on deposit in the 2014 Bond Fund for the payment of such Sinking Fund Installment at the most advantageous price then obtainable with reasonable diligence. No such purchase shall be made by the Trustee (A) after the earlier of the date on which the Trustee gives notice of the redemption of Series 2014 Bonds from such Sinking Fund Installment and the date that is 45 days before the due date for the payment of such Sinking Fund Installment, or (B) at a price, including any brokerage and other charges, greater than the principal amount of such Bonds and accrued interest thereon.

(iii) If (A) the Trustee purchases Series 2014 Bonds from amounts on deposit in the 2014 Bond Fund for the payment of the Sinking Fund Installment for such Bonds as described in paragraph (ii) above and such Bonds are cancelled, (B) the Authority delivers to the Trustee for cancellation Series 2014 Bonds subject to redemption from such Sinking Fund Installment on or before the earlier of the date on which the Trustee gives notice of the redemption of any Bonds from such Sinking Fund Installment and the date that is 45 days before the due date for the payment of such Sinking Fund Installment and such Bonds are cancelled, or (C) Bonds subject to redemption from any Sinking Fund Installment are redeemed at the election of the Authority, then an amount equal to 100% of the aggregate principal amount of such Bonds so purchased and delivered to the Trustee for cancellation or redeemed (as the case may be) shall be credited against such Sinking Fund Installment.

(iv) If the aggregate principal amount of Series 2014 Bonds purchased and cancelled or redeemed in any 12-month period ending July 1 is in excess of the Sinking Fund Installment due on such Bonds in such period, the Trustee shall credit the amount of such excess against subsequent Sinking Fund Installments for such Bonds as directed by a Certificate of the Authority.

Series 2012/14 Debt Service Reserve Fund *(Section 4.06 and Third Supplement)*

If on any Interest Payment Date the amount in the 2014 Bond Fund shall be less than the amount of interest then due on the Series 2014 Bonds, or if on any date on which the principal amount of any Series 2014 Bonds become due, the amount in the 2014 Bond Fund shall be less than the amount of the principal and the Sinking Fund Installment (either or both, as the case may be) then due on such Series 2014 Bonds, the Trustee forthwith shall transfer moneys from the Series 2012/14 Debt Service Reserve Fund to the 2014 Bond Fund to the extent necessary to make good any deficiency.

The Trustee shall determine the value of the assets of the Series 2012/14 Debt Service Reserve Fund in the manner described below under "Investments" of the close of business (i) on June 1 in each year, (ii) on the date of any withdrawal from the Series 2012/14 Debt Service Reserve Fund and on the last Business Day of each month thereafter until such determination discloses that a deficiency no longer exists in such fund, (iii) on any date on which the Trustee obtains actual knowledge that any Debt Service Reserve Fund Credit Facility held to the credit of the Series 2012/14 Debt Service Reserve Fund is no longer entitled to be credited to the Series 2012/14 Debt Service Reserve Fund, (iv) on the date that is six months prior to the stated expiration date of any Debt Service Reserve Fund Credit Facility, and (v) on any other date directed by the Authority.

As promptly as practicable after making such determination, the Trustee shall notify the Authority of the result of such determination and of the amount of any deficiency or surplus determined to exist in the Series 2012/14 Debt Service Reserve Fund.

The Trustee shall transfer the amount of any surplus that exists in a Debt Service Reserve Fund from time to time to the 2014 Bond Fund, the Redemption Fund or the Facility Improvements Fund upon the direction of the Authority.

Redemption Fund *(Section 4.07)*

The Trustee shall deposit in the Redemption Fund any amounts paid to the Trustee for the redemption of Bonds (other than any redemption from the Sinking Fund Installments).

Available moneys in the Redemption Fund shall be applied by the Trustee to the purchase or redemption of Bonds of such Series and maturities as the Authority shall direct in writing. At the direction of the Authority, the Trustee shall endeavor to purchase such Bonds at the most advantageous price obtainable with reasonable diligence.

Notwithstanding the foregoing, to the extent provided in any Supplemental Trust Agreement authorizing the issuance of any other Additional Bonds (i) moneys available for the redemption or purchase of Bonds on any date shall be allocated among all Series of Bonds in proportion (as nearly as practicable) to the aggregate principal amount of Bonds of each such Series subject to redemption on such date and (ii) the Bonds of such Series to be purchased or redeemed on any date shall be selected in accordance with the provisions of such Supplemental Trust Agreement.

The Authority may set aside any available amount on deposit in the Redemption Fund for the redemption of particular Bonds by the delivery of irrevocable written instructions to the Trustee directing the Trustee to set aside such amount for such purpose. Amounts set aside for the redemption of Bonds and investment earnings on such amounts shall be applied to the payment of the interest due on such Bonds on or prior to the redemption date of such Bonds to the extent provided in such instructions. Moneys set aside to pay the Redemption Price of any Bonds theretofore called for redemption or the purchase price of Bonds theretofore contracted to be purchased shall not be deemed to be available for application as described herein.

Facility Improvements Fund *(Section 4.08, as amended)*

Amounts on deposit in the Facility Improvements Fund shall be applied to the following purposes in the following order of priority:

(a) at any time when a deficiency exists in any amount required to be deposited to any Bond Fund or Debt Service Reserve Fund, the Trustee shall transfer such amounts from the Facility Improvements Fund to such Bond Fund or Debt Service Reserve Fund, respectively, necessary to eliminate such deficiency (deficiencies in the Bond Funds and the Debt Service Reserve Funds to be so eliminated in same order of priority as described above under "Deposit of Pledged Revenues");

(b) at any time when Administrative Expenses or amounts owed under a Credit Facility Agreement are due and payable, the Trustee shall apply amounts held in the Facility Improvements Fund to the payment of such Administrative Expenses or amounts owed under a Credit Facility Agreement;

(c) at any time when an event of default (as defined in any Credit Facility Agreement) has occurred and is continuing, the Trustee shall apply amounts held in the Facility Improvements Fund to cure such event of default or, if such event of default cannot be cured by application of such amounts held in Facility Improvements Fund, the Trustee shall hold amounts in the Facility Improvements Fund and apply the same to only those purposes described in paragraphs (a), (b), (c), (d), and (e) of this Section until such event of default is cured or no longer continues;

(d) at any time when Bonds purchased with amounts advanced under a Credit Facility are outstanding, the Trustee shall transfer amounts from the Facility Improvements Fund to the Redemption Fund sufficient to redeem such Bonds;

(e) at any time when the Sufficiency Covenant cannot be satisfied the Authority shall cure such failure by either (i) directing the Trustee to transfer amounts held in the Facility Improvements Fund to the Redemption Fund to be applied to the redemption, purchase and immediate cancellation or defeasance of Bonds until such time as the Sufficiency Covenant can be satisfied; or (ii) obtaining an amendment to the existing PFC Authority or obtaining new PFC Authority authorizing additional PFCs which shall be pledged as part of the Pledged Revenues under the Trust Agreement in an amount sufficient to cause the Sufficiency Covenant to be satisfied; and

(f) amounts on deposit in the Facility Improvements Fund shall be (i) applied to the payment of such costs of additions, improvements or betterments to, or design, expansion, construction, replacement, remodeling or equipping of "transportation facilities projects" as defined in the Enabling Legislation at BWI Marshall Airport, including (without limitation) any land acquisition, as shall be permitted under Applicable Law and approved in writing by the FAA or (ii) paid to the MAA to be applied to the payment of such costs; provided that (1) the Authority, the Trustee and each Credit Facility Provider shall have received a certificate from the MAA in which the MAA covenants at all times to manage the PFC program in such manner as will enable the Authority to meet the Sufficiency Covenant, (2) at the beginning of each Bond Year and as of the date which is 180 days thereafter, the MAA will demonstrate whether the Sufficiency Covenant is being complied with and the amount, if any, that may be withdrawn from the Facility Improvements Fund without violating the Sufficiency Covenant and (3) the amount withdrawn as described above will not result in the violation of the Sufficiency Covenant if the calculations necessary to determine compliance were made on the date of such withdrawal.

As used in this Section, the following terms shall have the meanings specified:

"*Adjusted Costs*" means Costs of Airport Facilities Projects paid from the Pledged PFCs to date plus payments made with respect to the Bonds, plus all Administrative Expenses paid, plus amounts paid with respect to Credit Facility Agreements, plus all other payments made from the Pledged PFCs to date, minus amounts then on deposit in the funds and accounts created under the Trust Agreement and available for payment of debt service on the Bonds.

"*PFC Authority*" means the FAA's Final Agency Decision through September 17, 2002, as the same may be amended from time to time, and any other final agency decision (and amendments) issued by the FAA relating to the PFCs imposed or to be imposed through the date no later than the final maturity date of the Bonds by the MAA at the BWI Marshall Airport which are pledged as part of the Trust Estate under the Trust Agreement.

"Projected Aggregate Principal and Interest Requirements" means the aggregate amount of Debt Service Requirements for the Bonds through the scheduled maturity of each Series of Bonds outstanding; provided, however, the interest rate used in calculating the Debt Service Requirements on any Bonds that bear a Variable Rate shall be assumed to be 15% per annum (unless the interest rate borne by the Bonds bearing a Variable Rate shall have averaged greater than 7% for a period of 90 consecutive days, after which time the interest rate assumed for purposes of this calculation shall increase to 24% per annum); provided further that if the Authority enters into a Qualified Hedging Transaction, the interest rate assumed for purposes of this calculation shall be the fixed rate payable by the Authority or cap rate under such Qualified Hedging Transaction for the period of time the Qualified Hedging Transaction is in place; and provided further that if any Series of Bonds outstanding is subject to optional redemption and such Bonds have been called for redemption, then the annual Debt Service Requirements for such Series of Bonds shall be calculated through the applicable optional redemption date (and such calculation shall include any applicable redemption premium).

"*Sufficiency Covenant*" means the requirement that Unspent PFC Authority is at least equal to 105% of Projected Aggregate Principal and Interest Requirements with respect to all outstanding Bonds.

"*Unspent PFC Authority*" means the aggregate dollar amount of Pledged PFCs authorized to be collected by the MAA under the PFC Authority minus the dollar amount of Adjusted Costs.

So long as no Event of Default shall have occurred and be continuing, upon the Order of the Authority, any amount from time to time on deposit in the Facility Improvements Fund shall be transferred to the Redemption Fund.

Investments *(Section 4.09)*

Moneys in any of the funds and accounts established by the Trust Agreement may be invested, but only in Permitted Investments maturing or redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments from such funds and accounts. The Trustee shall invest amounts on deposit in the funds and accounts held by the Trustee as directed by an Authority Representative.

In determining the value of the assets of the funds and accounts created by the Trust Agreement (i) investments and accrued interest thereon shall be deemed a part thereof, and (ii) investments shall be valued at the current market value thereof. In addition, in determining the value of the assets of the Series 2012/14 Debt Service Reserve Fund on any date, there shall be credited to the Series 2012/14 Debt Service Reserve Fund the amount that can be realized by the Trustee under any Debt Service Reserve Fund Credit Facility if each of the following conditions is met: (i) on the date of delivery of such Debt Service Reserve Fund Credit Facility to the Trustee, the unsecured indebtedness or claims-paying ability of the issuer thereof is rated in one of the three highest Rating Categories of a Rating Agency; (ii) such Debt Service Reserve Fund Credit Facility permits the Trustee to realize amounts thereunder at such times as the Trustee is required to transfer any amount (other than any surplus) from the Series 2012/14 Debt Service Reserve Fund in accordance with the Trust Agreement; (iii) if amounts realized under such Debt Service Reserve Fund Credit Facility are, under any circumstances, payable from the Pledged Revenues, such amounts shall be payable in no fewer than 12 equal monthly installments; and (iv) the expiration date of such Debt Service Reserve Fund Credit Facility is at least six months after the date of valuation or is after the maturity date of the outstanding Bonds secured by the Series 2012/14 Debt Service Reserve Fund or such Debt Service Reserve Fund Credit Facility permits the Trustee to draw thereunder for deposit to the Series 2012/14 Debt Service Reserve Fund an amount equal to the Debt Service Reserve Fund Requirement prior to its expiration.

Neither the Authority nor the Trustee shall be liable for any depreciation in the value of any obligations in which moneys of the funds or accounts created by the Trust Agreement shall be invested in accordance with the Trust Agreement, or for any loss arising from any investment permitted therein.

Accounts and Audits *(Section 5.04)*

The Authority shall keep or cause the MAA to keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions with respect to the Pledged Revenues. Such books and accounts shall be subject to the inspection of the Trustee (at reasonable hours and subject to the reasonable rules and regulations of the Authority).

Additional Indebtedness *(Section 5.05)*

The Authority shall not create or incur any Indebtedness payable in whole or in part from any portion of the Trust Estate other than Additional Bonds issued in accordance with the Trust Agreement.

Lease and Assignment; Financing Agreement *(Section 5.06)*

The Authority shall perform its obligations under, and enforce the performance of the obligations of the other parties to, the Lease and Assignment and the Financing Agreement (collectively, the "Facilities Contracts"), in each case to the extent necessary to permit the Authority to meet its obligations under the Trust Agreement. The Authority shall take all reasonable measures permitted by law to enforce payment to it of all Pledged Revenues, and to defend, preserve and protect the rights, benefits and privileges of the Authority under the Facilities Contracts. Nothing in the Trust Agreement shall be deemed to require the Authority to take any action to enforce its rights under the Facilities Contracts or otherwise or to require the MAA to enforce the rights of the MAA under any contracts with respect to the Facilities, including (without limitation) the right to receive any Pledged Revenues, if the Authority in good faith determines that such action is not reasonably justified by the nature of the potential remedy or recovery or the likelihood of the recovery and the expense or other adverse effects of such action.

No Disposition of Trust Estate *(Section 5.08)*

Except as permitted by the Trust Agreement, the Authority shall not sell, lease, pledge, assign or otherwise dispose of, and shall neither create nor suffer to remain any lien, encumbrance or charge upon, its interest in the Trust Estate ranking prior to or on a parity with the claim, lien and pledge created by the Trust Agreement as security for the Bonds. The Authority from the Pledged Revenues will cause to be discharged, or will make adequate provisions to satisfy and discharge, within 60 days after the same shall accrue, all lawful claims and demands that, if unpaid, might by law become such a lien upon its interest in the Trust Estate, *provided* that nothing contained in the Trust Agreement shall require the Authority to pay or cause to be discharged, or make provision for, any such lien, encumbrance or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Modification or Amendment of Trust Agreement *(Sections 8.01, 8.02 and 8.03)*

Without notice to, or the consent of, the Holders, the Authority and the Trustee may enter into a Supplemental Trust Agreement supplementing, modifying or amending the Trust Agreement or any Supplemental Trust Agreement at any time or from time to time for one or more of the following purposes, among others: (a) to grant to the Trustee for the benefit of the Holders any additional rights or security; (b) to add to the agreements of the Authority contained in the Trust Agreement; (c) to surrender to the Trustee any right reserved to the Authority by the Trust Agreement; (d) to confirm, as further assurance, any pledge under, and the subjection to any lien on, or claim or pledge of (whether created or to be created by the Trust Agreement), the Trust

Estate; (e) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in the Trust Agreement or to make such provisions in regard to matters or questions arising under the Trust Agreement as may be necessary or desirable and not contrary to or inconsistent with the Trust Agreement; (f) to provide for the issuance of Additional Bonds including (without limitation) any modifications or amendments required to grant to or otherwise secure for the Holders of such Additional Bonds a parity interest in the security granted to the holders of any then-Outstanding Bonds in accordance with the Trust Agreement; (g) to permit the qualification of the Trust Agreement or any Supplemental Trust Agreement under any federal statute now or hereafter in effect or under any state blue sky law and, in connection therewith, to add to the Trust Agreement or any Supplemental Trust Agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or state blue sky law; (h) to obtain or to maintain any ratings on the Bonds of any Series from any nationally recognized securities rating agency; (i) to provide for the issuance of any Bonds in coupon form or in book-entry form, to change any Securities Depository or to discontinue any book-entry system, provided that, prior to the effective date of any such amendment that provides for the issuance of any Tax-Exempt Bonds in coupon form, there shall be delivered to the Authority a Favorable Opinion of Bond Counsel; (j) to preserve the excludability from gross income for federal income tax purposes of the interest paid on any Tax-Exempt Bonds theretofore issued; or (k) to make any other change in the Trust Agreement that the Trustee determines shall not prejudice in any material respect the rights of the Holders of the Bonds Outstanding at the date as of which such change shall become effective.

In addition to Supplemental Trust Agreements described above, with the prior written consent of the Holders of majority in aggregate principal amount of the outstanding Bonds affected thereby, the Authority and the Trustee may enter into at any time and from time to time Supplemental Trust Agreements amending or supplementing the Trust Agreement, any Supplemental Trust Agreement or any Bond to modify any of the provisions thereof or to release the Authority from any of the agreements or restrictions therein contained, provided that nothing contained in the Trust Agreement shall permit (i) a change in any terms of redemption or purchase of any Bond, the due date for the payment of the principal of or interest on any Bond or any reduction in the principal or Redemption Price of or interest rate on any Bond without the consent of the Holder of such Bond, or (ii) the creation of a claim or lien upon, or a pledge of, the Trust Estate ranking prior to or on a parity with the claim, lien and pledge created by the Trust Agreement as security for the Bonds, a preference or priority of any Bond over any other Bond or a reduction in the percentage of Bonds the consent of the Holders of which is required for any modification of the Trust Agreement without the unanimous consent of the Holders.

Without limiting the generality of the foregoing, the purchasers of any Bonds upon the original issuance thereof in accordance with the Trust Agreement may be deemed to have consented to any amendment to the Trust Agreement, any Supplemental Trust Agreement or any Bond permitted to be made with the consent of the Holders of Bonds with the same effect as if such Holders shall have filed a written consent to such amendment.

Events of Default and Remedies (*Sections 7.01, 7.02, 7.03 and 7.06*)

Events of Default under the Trust Agreement include, among others: failure to pay the principal of or interest on any of the Bonds when the same shall become due and payable; and default by the Authority in the performance of any covenant, condition, agreement or provision contained in any Bond or the Trust Agreement, subject to certain grace periods.

Enforcement and Priority of Payments Following Default *(Sections 4.03, 7.02 and 7.03)*

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than 25% in aggregate principal amount of the outstanding Bonds shall proceed, to protect and enforce its rights and the rights of the Holders under the laws of the State and under the Trust Agreement and any Credit Facility by such suits, actions or special proceedings in equity or at law as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy upon the occurrence of an Event of Default under the Trust Agreement, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Authority, for principal of or interest on the Bonds, or otherwise under any of the provisions of the Trust Agreement or of any Bonds, with interest on overdue payments of principal at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under the Bonds, and to recover and enforce judgment or decree against the Authority, but solely as provided in the Trust Agreement and in the Bonds and from the sources and moneys provided therein and in the Bonds, for any portion of such amounts remaining unpaid and to collect in any manner provided by law the moneys adjudged or decreed to be payable.

The principal of the Bonds shall not be subject to acceleration by the Trustee or the Bondholders upon the occurrence of any Event of Default notwithstanding any other provision of the Trust Agreement.

If at any time there shall have occurred and be continuing an Event of Default, after payment of all amounts owing to the Trustee under the Trust Agreement, amounts held by the Trustee under the Trust Agreement, together with any moneys thereafter becoming available for such purpose, shall be applied as follows:

(a) unless the principal of all Outstanding Bonds shall have become due and payable, all such moneys shall be applied:

FIRST: to the payment to the persons entitled thereto of all installments of interest then due on the Bonds Outstanding and all amounts, if any, due under the Credit Facility Agreements as a result of any amounts realized under the Credit Facilities issued thereunder for the payment of interest due on such Bonds and interest on amounts realized under such Credit Facilities for the payment of the principal or Redemption Price of and interest on, and the purchase price of, such Bonds in the order in which such amounts became due and payable and, if the amount available shall not be sufficient to pay in full all such amounts due on any particular date, then to the payment of such amounts, ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Bonds and Credit Facility Agreements;

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any Outstanding Bonds that shall have become due and payable, in the order of their due dates, with interest thereon and all amounts, if any, due under the Credit Facility Agreements as a result of any amounts realized under the Credit Facilities issued thereunder for the payment of principal or Redemption Price of such Bonds from the respective dates upon which such amounts shall have become due and payable and, if the amount available shall not be sufficient to pay in full all such amounts due on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of interest due on such date, and then to the payment of the balance due under the Trust Agreement, ratably, according to the amount due on such date, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in the Bonds and Credit Facility Agreements; and

THIRD: to the payment of any other amounts due under the Credit Facility Agreements; and

(b) if the principal of all Outstanding Bonds shall have become due by their terms, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon such Bonds and all amounts, if any, due under the Credit Facility Agreements as a result of any amounts realized under the Credit Facilities issued thereunder for the payment of the principal or Redemption Price of and interest on, or the purchase price of, such Bonds and interest on such amounts, ratably, according to the amounts due, to the persons entitled thereto, without any preference or priority of principal over interest or of interest over principal, or of any Bond or Credit Facility Agreement over any other Bond or Credit Facility Agreement, except as to any difference in the respective rates of interest specified in the Bonds.

Notwithstanding any other provision of the Trust Agreement (i) amounts on deposit in the funds and accounts established for particular Series of Bonds shall be applied solely to the payment of amounts due on such Bonds and amounts payable under any Credit Facility Agreement with respect to such Bonds as a result of amounts realized under any Credit Facility issued thereunder for the payment of the principal or Redemption Price of and interest on, and the purchase price of, such Bonds, and accrued interest on such amounts; (ii) the Trustee shall allocate any other amounts held by the Trustee under the Trust Agreement among the Outstanding Bonds of each Series after giving effect to the application of amounts on deposit in the funds and accounts maintained for such Bonds to the payment thereof, provided that the amount allocated to any Series of Bonds under the Trust Agreement shall not exceed the amount necessary to pay the principal of and interest on such Bonds after the application to such payment of any amount on deposit in any Debt Service Reserve Fund securing such Bonds; and (iii) prior to the application of any moneys that constitute proceeds of any Series of Tax-Exempt Bonds or the investment earnings on such proceeds to the payment of any Bond of any other Series, the Trustee shall obtain a Favorable Opinion of Bond Counsel.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Trust Agreement, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee may determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the benefit of all Holders shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the

Authority, to any Holder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Trust Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date for the Bonds unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal of the Bonds to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

Restrictions upon Action by Individual Beneficiaries *(Section 7.06)*

No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law on any Bond for the execution of any trust under the Trust Agreement or for any other remedy thereunder unless (i) such Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, (ii) the holders of not less than 25% in aggregate principal amount of the outstanding Bonds shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Trust Agreement or to institute such action, suit or proceeding in its or their name, and (iii) there shall have been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Notwithstanding the foregoing and without complying therewith, the holders of 25% or more in aggregate principal amount of the outstanding Bonds may institute any such suit, action or proceeding in their own names for the benefit of all Holders.

It is understood and intended that, except as otherwise described above, no one or more Holders shall have any right in any manner whatever to affect, disturb or prejudice the security of the Trust Agreement or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner therein provided and for the benefit of all Holders and that any individual right of action or other right given by law to one or more of such Holders is restricted by the Trust Agreement to the rights and remedies described above.

Defeasance *(Section 9.01)*

If the Authority shall pay or cause to be paid the principal or Redemption Price of and interest on all Bonds at the times and in the manner stipulated therein and in the Trust Agreement, then the pledge of the Trust Estate to the Trustee for the benefit of the Holders and all other rights granted thereby to the Trustee or the Holders, other than rights which by their terms survive termination of the Trust Agreement, shall be discharged and satisfied. In such event, upon the written request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay or deliver to the Authority, or to such officer, board or body as may then be entitled by law to receive the same, all property held by it pursuant to the Trust Agreement (other than any moneys and securities required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption).

A Series 2014 Bond shall be deemed to have been paid within the meaning of, and with the effect expressed in the Trust Agreement if (i) money for the payment or redemption of such Bond shall be held by the Trustee (through deposit by the Authority of moneys for such payment or redemption or otherwise, regardless of the source of such moneys), whether at or prior to the maturity or the redemption date of such Bond, or (ii) if the maturity or redemption date of such Bond shall not have arrived, provision shall have been made by the Authority for the payment of the principal or Redemption Price of and interest on such Bond on the due dates for such payments by deposit with the Trustee (or other method satisfactory to the Trustee) of Government Obligations, the principal of and the interest on which when due will provide for such payment, provided that, if such Bond is to be redeemed prior to the maturity thereof, the Authority shall have taken all action necessary to redeem such Bond and notice of such redemption shall have been duly and irrevocably given or provisions satisfactory to the Trustee shall have been made for the giving of such notice.

Anything in the Trust Agreement to the contrary notwithstanding, at the written request of the Authority, any moneys held by the Trustee in trust for the payment of any of the Bonds that remain unclaimed for two years after the later of the date at which such Bonds became due and payable and the date of deposit of such moneys shall be repaid by the Trustee to the Authority, or to such officer, board or body as may then be entitled by law to receive such moneys, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto.

Concerning the Trustee

Indemnification; Responsibilities of Trustee *(Sections 6.01 and 6.02)*

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under the Trust Agreement, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts thereby created or in the enforcement of any rights and powers thereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, advances, outlays and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence, willful misconduct or its default of the Trust Agreement. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity. Notwithstanding the foregoing, the Trustee shall not be entitled to indemnification prior to applying amounts on deposit in the Bond Fund to the payment of Bonds as provided under the Trust Agreement.

The recitals, statements and representations contained in the Trust Agreement and in the Bonds shall be taken as the statements of the Authority and not of the Trustee, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the Trust Agreement or with respect to the security afforded by the Trust Agreement or the due execution thereof by the Authority, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in the Trust Agreement, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of the Bonds for value, (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee, or (iii) the application of any moneys paid to the Authority or others in accordance with the Trust Agreement except as to the application of any moneys paid to it in its capacity as Trustee.

The duties and obligations of the Trustee shall be determined by the express provisions of the Trust Agreement and no implied covenant or obligation shall be read into the Trust Agreement against the Trustee, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Trust Agreement. The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under the Trust Agreement except for its own negligence, willful misconduct or its default of the Trust Agreement. In case an Event of Default shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by the Trust Agreement and use the same degree of care and skill in their exercise as a prudent person would exercise under the circumstances in the conduct of his or her own affairs.

The Trustee shall not be deemed to have notice of any default or Event of Default unless a responsible officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such default is received by the Trustee at the Designated Office of the Trustee, and such notice references the Bonds and the Trust Agreement. The rights, privileges, protections, immunities and benefits given to the Trustee, including (without limitation) its rights to be indemnified, are extended to, and shall be enforceable by the Trustee in each of its capacities under the Trust Agreement.

Resignation and Removal *(Sections 6.07 and 6.08*)

The Trustee may at any time resign and be discharged of its duties and obligations under the Trust Agreement by giving not fewer than 30 days' written notice, specifying the date when such resignation shall take effect, to the Authority and each Holder. Such resignation shall take effect upon the appointment of a successor Trustee and the acceptance of such appointment by such successor. The Trustee may be removed by the Authority so long as no Event of Default shall have occurred and be continuing or, if any Event of Default shall have occurred and be continuing, by the holders of a majority in aggregate principal amount of the outstanding Bonds by an instrument in writing signed and acknowledged by such Holders or by their attorneys-in-fact, duly authorized and delivered to the Authority. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Authority or of the holders of not less than ten percent in aggregate principal amount of the outstanding Bonds.

Successor Trustee *(Section 6.09)*

If the Trustee shall resign, be removed, be dissolved or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any reason, a successor Trustee shall be appointed by the Authority.

The Authority shall mail notice of any such appointment of a successor Trustee to each Holder within 90 days after such appointment. If in a proper case no appointment of a successor Trustee shall be made within 60 days after the giving by any Trustee of any written notice of resignation or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Holder may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor.

Any successor Trustee appointed under the Trust Agreement shall be a commercial bank or trust company or national banking association having a capital and surplus aggregating at least $100,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and authorized by law to perform all the duties of the Trustee required by the Trust Agreement.

Moneys and Funds Held for Particular Bonds *(Section 10.04)*

Amounts held by the Trustee for the payment of the principal or Redemption Price of, and interest on, or the purchase price of, Bonds due on any date shall, pending such payment, be set aside and held in trust by it for the Holders of such Bonds and, for the purposes of the Trust Agreement, such principal or Redemption Price of and interest on, or such purchase price, such Bonds shall no longer be considered to be unpaid, and the holders of such Bonds shall have no further rights under the Trust Agreement except to receive payment from such amounts set aside or held for such payment.

No Recourse against Members and Officers *(Section 10.05)*

No recourse shall be had for the payment of the principal or Redemption Price of and interest on the Bonds or for any claims based thereon or on the Trust Agreement against any member or officer, employee or agent of the Authority, all such liability, if any, being expressly waived and released by every Holder of Bonds by the acceptance of such Bonds.

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PROPOSED FORM OF OPINION OF BOND COUNSEL

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(Date of Delivery)

Maryland Transportation Authority
Baltimore, Maryland

Members of the Authority:

In connection with the issuance of $40,000,000 Maryland Transportation Authority Airport Passenger Facility Charge Revenue Bonds, Baltimore/Washington International Thurgood Marshall Airport, Series 2014 (Qualified Airport Bonds – AMT) (the "Series 2014 Bonds"), as limited obligations of the Maryland Transportation Authority (the "Authority"), we have examined:

(i) Title 4 of the Transportation Article of the Annotated Code of Maryland (2008 Replacement Volume and 2014 Supplement) (the "Act");

(ii) a Trust Agreement dated as of December 1, 2003, between the Authority and Manufacturers and Traders Trust Company, as trustee (the "Trustee"), as amended and supplemented by First Supplemental Trust Agreement dated as of April 1, 2012 between the Authority and the Trustee, the Second Supplemental Trust Agreement dated as of December 1, 2012 and the Third Supplemental Trust Agreement dated as of December 1, 2014 between the Authority and the Trustee (as so amended and supplemented, the "Trust Agreement");

(iii) a Lease of Airport Facilities Projects at the Baltimore/Washington International Thurgood Marshall Airport and Assignment of Passenger Facility Charges dated as of December 1, 2014 (the "Lease") among the State of Maryland (the "State"), the Authority and the Maryland Aviation Administration (the "MAA");

(iv) an Agreement on Financing Airport Facilities Projects at Baltimore/Washington International Thurgood Marshall Airport dated as of December 1, 2014, between the Authority and the MAA (the "Financing Agreement");

(v) the form of the Series 2014 Bonds;

(vi) relevant provisions of the Constitution and laws of the State of Maryland;

(vii) relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code"); and

(viii) other proofs submitted to us relative to the issuance and sale of the Series 2014 Bonds.

The terms of the Series 2014 Bonds are contained in the Trust Agreement and the Series 2014 Bonds. The Series 2014 Bonds are subject to redemption in the manner and upon the terms and conditions set forth in the Trust Agreement.

We have made no investigation of, and are rendering no opinion regarding, the title to real or personal property.

In rendering this opinion, we have relied without independent investigation on the representations of certain officials of the Authority made on behalf of the Authority in its Tax Compliance Certificate and Agreement with respect to certain material facts within the knowledge of the Authority relevant to the tax-exempt status of interest on the Series 2014 Bonds, and certain related representations of certain officials of the MAA made on behalf of the MAA.

Based upon the foregoing, we are of the opinion that:

(a) The Trust Agreement has been duly authorized, executed and delivered by the Authority and, assuming the due authorization, execution and delivery thereof by the Trustee, constitutes the valid and binding obligation of the Authority in accordance with its terms.

(b) The Lease and the Financing Agreement have been duly authorized, executed and delivered by the Authority and, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitute the valid and binding obligations of the Authority in accordance with their respective terms.

(c) The Authority is duly authorized and entitled to issue the Series 2014 Bonds. Series 2014 Bonds executed, authenticated and delivered as provided in the Trust Agreement have been duly and validly issued and constitute valid and binding limited obligations of the Authority, payable solely from Pledged Revenues (as defined in the Trust Agreement) and other amounts pledged to such payment under the Trust Agreement. The Authority has heretofore issued revenue bonds under the Trust Agreement (the "Series 2012A Bonds," the "Series 2012B Bonds" and the "Series 2012C Bonds") which remain outstanding and the Trust Agreement contains provisions permitting the issuance of Additional Bonds (as defined in the Trust Agreement). The Series 2012A Bonds, the Series 2012B Bonds, the Series 2012C Bonds, the Series 2014 Bonds and any Additional Bonds issued within the limitations and provisions of the Trust Agreement outstanding from time to time are equally and ratably secured by the Trust Agreement to the extent provided therein.

(d) The Series 2014 Bonds are limited obligations of the Authority payable solely from the Pledged Revenues. None of the State, the Maryland Department of Transportation (the "Department"), the MAA, the Authority or any political subdivision of the State shall be obligated to pay the Series 2014 Bonds or the interest thereon except from the Pledged Revenues and from other sources as provided in the Trust Agreement; and neither the faith and credit nor the taxing power of the State, the Department, the MAA, the Authority or any political subdivision of the State is pledged to the payment of the Series 2014 Bonds or the interest thereon. The issuance of the Series 2014 Bonds does not directly or indirectly or contingently obligate the State, the Department, the MAA, the Authority or any political subdivision of the State to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment. None of the Authority, the Department or the MAA has taxing powers.

(e) Under the Act, the Series 2014 Bonds, their transfer, the interest payable on them, and any income derived from them, including any profit realized in their sale or exchange, shall be exempt at all times from every kind and nature of taxation by the State of Maryland or by any of its political subdivisions, municipal corporations or public agencies of any kind. No opinion is expressed as to estate or inheritance taxes or other taxes not levied or assessed directly on the Series 2014 Bonds or the interest thereon.

(f) Assuming compliance with the covenants referred to herein, interest on the Series 2014 Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations and decisions, except, with respect to any Series 2014 Bond during the period that such Series 2014 Bond is owned by a "substantial user" of the financed facilities or a "related person" (as such terms are used in Section 147(a) of the Code). It is noted that under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Series 2014 Bonds, including restrictions that must be complied with throughout the term of the Series 2014 Bonds in order that the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain investment earnings received from the investment of the proceeds of the Series 2014 Bonds be rebated (or that certain payments in lieu of rebate be made) to the United States of America under certain circumstances; (ii) other requirements applicable to the investment of such proceeds of the Series 2014 Bonds; and (iii) other requirements applicable to the use of the proceeds of the Series 2014 Bonds and the facilities financed and refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Series 2014 Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The Authority and the MAA have covenanted to regulate the investment of the proceeds of the Series 2014 Bonds, and to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Series 2014 Bonds. It is our opinion that, assuming compliance with such covenants, the interest on the Series 2014 Bonds, will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(g) Interest on the Series 2014 Bonds will be includable in the alternative minimum taxable income of individuals, corporations or other taxpayers as an enumerated item of tax preference or other specific adjustment and will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in a trade or business in the United States.

We assume no obligation to supplement this opinion if any applicable laws or interpretations thereof change after the date hereof or if we become aware of any facts or circumstances that might change the opinions expressed herein after the date hereof. The opinions expressed above are limited to the matters set forth above, and no other opinions should be inferred beyond the matters expressly stated.

Very truly yours,

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APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (the "Disclosure Agreement") dated as of December ___, 2014, is executed and delivered by the Maryland Transportation Authority (the "Authority") and Manufacturers and Traders Trust Company (the "Trustee") in connection with the issuance by the Authority, on behalf of the Maryland Department of Transportation (the "Department'), of its Passenger Facility Charge Revenue Bonds, Series 2014, Baltimore/Washington International Thurgood Marshall Airport (Qualified Airport Bonds - AMT) (the "Series 2014 Bonds"). The Bonds are being issued pursuant to a Third Supplemental Trust Agreement dated as of December 1, 2014, amending and supplementing the Trust Agreement dated as of December 1, 2003 (as so amended and supplemented, the "Trust Agreement"), each by and between the Authority and the Trustee. The Authority and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Trustee for the benefit of the owners of the Bonds, including Beneficial Owners (as defined herein) and in order to assist the Underwriter (as defined herein) in complying with the Rule (as defined herein). The obligations of the Authority and the Trustee hereunder shall be limited to those that would be required by written undertaking pursuant to the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"**Annual Information**" shall mean the financial information and operating data described in Exhibit B attached to this Disclosure Agreement, submitted annually to the Authority by the Maryland Aviation Administration (the "MAA") or the Department.

"**Beneficial Owner**" shall mean any person which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of any Bonds for federal income tax purposes.

"**Bond Counsel**" shall mean an attorney or firm of attorneys having a national reputation in the field of municipal law whose legal opinions are generally accepted by purchasers of municipal bonds designated by or on behalf of the Authority as bond counsel to the Authority.

"**Disclosure Representative**" shall mean the Executive Director or the Chief Financial Officer of the Authority or the Executive Director's designee, or such other officer or employee as the Authority shall designate in writing to the Trustee from time to time.

"**Dissemination Agent**" shall mean any person designated by the Authority in writing to act as its agent hereunder and which has filed with the Trustee a written acceptance of such designation.

"**Listed Events**" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"**National Repository**" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repository currently approved by the Securities and Exchange Commission is the repository established by the Municipal Securities Rulemaking Board, known as the Electronic Municipal Market Access System ("EMMA"), http://emma.msrb.org/.

"**Rule**" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, any successor provisions of similar import promulgated by the Securities and Exchange Commission in the future, and any applicable no-action letters and other authoritative interpretations of Rule 15c2-12 released by the Securities and Exchange Commission.

"**State**" means the State of Maryland.

"**Underwriter**" shall mean the purchaser of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. <u>Provision of Annual Information</u>.

(a) The Authority shall, or shall cause the Disclosure Representative to, not later than two hundred seventy-five (275) days after the end of the State's fiscal year (presently June 30), commencing with the report for the fiscal year ending June 30, 2014, provide to the National Repository a report of Annual Information that is consistent with the requirements of Section 4 of this Disclosure Agreement. The MAA and the Department have agreed to timely provide to the Authority the Annual Information. The Annual Information may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the State's fiscal year changes, the Authority shall give notice of such change in the same manner as notice of a Listed Event is required to be given under Section 5 of this Disclosure Agreement.

(b) Not later than fifteen (15) Business Days prior to the date specified in paragraph (a) of this Section 3 for providing the Annual Information to the National Repository, the Authority shall provide the Annual Information to the Trustee. If by such date, the Trustee has not received a copy of the Annual Information, the Trustee shall contact the Authority to determine if the Authority is in compliance with the first sentence of this paragraph (b).

(c) If the Trustee is unable to verify that Annual Information has been provided to the National Repository by the date required in paragraph (a) of this Section 3, the Trustee shall send a notice to the National Repository in substantially the form attached as Exhibit A.

(d) The Authority shall determine each year prior to the date for providing the report of Annual Information the name and address of the National Repository.

SECTION 4. Content of Report of Annual Information. Subject to the provisions of Section 3(a) of this Disclosure Agreement, the Authority's Annual Information shall include the financial information and operating data of the type set forth in Exhibit B.

To the extent applicable, the presentation of any financial information and operating data provided in accordance with this Section shall be made in accordance with generally accepted accounting principles applicable to governmental entities from time to time as promulgated by the Government Accounting Standards Board.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the State or related public entities, which have been submitted to the National Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Authority shall clearly identify each such other document so included by reference.

The Authority may make changes to the presentation of the financial information required in this Section 4 necessitated by changes in generally accepted accounting principles, if applicable, and may otherwise modify the presentation of the financial information required herein, *provided* that this Disclosure Agreement is amended in accordance with Section 7 hereof.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) modifications to rights of owners of the Bonds, if material;

(iv) bond calls, if material, and tender offers;

(v) defeasances;

(vi) rating changes;

(vii) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(viii) unscheduled draws on the debt service reserves reflecting financial difficulties;

(ix) unscheduled draws on credit enhancements reflecting financial difficulties;

(x) substitution of credit or liquidity providers, or their failure to perform;

(xi) release, substitution or sale of property securing repayment of the Bonds, if material;

(xii) bankruptcy, insolvency, receivership or similar event of the obligated person;

(xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Trustee shall, within three (3) days of obtaining actual knowledge of the occurrence of a Listed Event, contact the Disclosure Representative, inform such person of the event, and request that the Authority promptly notify the Trustee in writing whether to report the event pursuant to paragraph (d) of this Section 5.

(c) Whenever the Authority obtains actual knowledge of the occurrence of an event which constitutes a Listed Event, the Authority shall file or cause the Trustee to file pursuant to paragraph (d) of this Section 5 a notice in a timely manner and in any event not in excess of ten (10) Business Days after the occurrence of such Listed Event with the National Repository. Notwithstanding the foregoing, notice of Listed Events described in (a)(iv) and (a)(v) of this Section 5 need not be given under this paragraph any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Trust Agreement.

(d) If the Trustee has been instructed by the Authority in writing to report the occurrence of an event constituting a Listed Event, the Trustee shall file a notice of such occurrence with the National Repository in a timely manner and in any event not in excess of ten (10) Business Days after the occurrence of such Listed Event. Notwithstanding the foregoing, notice of Listed Events described in (a)(iv) and (a)(v) of this Section 5 need not be given under this paragraph any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Trust Agreement.

SECTION 6. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement shall terminate upon the prior redemption or payment in full of all of the Bonds. In addition, the Authority may terminate its obligations under this Disclosure Agreement if and when the Authority no longer remains an obligated person with respect to the Bonds within the meaning of the Rule.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Authority), and any provision of this Disclosure Agreement may be waived, *provided* that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 4 of this Disclosure Agreement, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) the Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver does not materially impair the interests of the Holders or Beneficial Owners of the Bonds, in the opinion of Bond Counsel.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authority shall describe such amendment in the next reporting of Annual Information, as set forth in Section 3, and shall include a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority or the Department from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any report of Annual Information or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any report of Annual Information or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future report of Annual Information or notice of occurrence of a Listed Event.

SECTION 9. **Failure to Comply**. In the event of a failure of the Authority to comply with any provision of this Disclosure Agreement, the Authority shall be given written notice at the address set forth below of any claimed failure by the Authority to perform its obligations under this Disclosure Agreement, and the Authority shall be given forty-five (45) days to remedy any such claimed failure. Any registered owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Agreement. A failure to comply with the provisions of this Disclosure Agreement shall not be deemed an event of default under the Trust Agreement, the Bonds or any documents relating to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. **Limitation of Forum**. Any suit or other proceeding seeking redress with regard to any such claimed failure by the Authority must be filed in the Circuit Court for Anne Arundel County, Maryland, or the Maryland State Board of Contract Appeals (if applicable).

SECTION 11. **Law of Maryland**. This Disclosure Agreement, and any claim made with respect to the performance by the Authority of its obligations hereunder, shall be governed by, subject to, and construed in accordance with, the laws of the State and federal law.

SECTION 12. **Performance of Obligations**. Notwithstanding anything to the contrary contained in this Disclosure Agreement, the Authority's obligations as set forth in this Disclosure Agreement shall be undertaken and performed in accordance with the Rule, Securities and Exchange Commission interpretations of the Rule as published or provided from time to time, and applicable federal securities laws.

SECTION 13. **Dissemination Agent**. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Agreement.

SECTION 14. **Limitation on Trustee's Liability**. The Trustee shall have no liability in connection with the Authority's filing obligations under this Disclosure Agreement. The Trustee shall have under this Disclosure Agreement only those duties specifically set forth in this Disclosure Agreement. To the extent permitted by law, the Authority agrees to save and indemnify the Trustee, its officers, directors, employees and agents, harmless against any loss, expense or liability arising out of the performance of its duties hereunder, excluding any loss, expense or liability due to the Trustee's negligence or willful misconduct.

SECTION 15. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Authority:	Maryland Transportation Authority 2310 Broening Highway Baltimore, Maryland 21224 Attention: Executive Director Telephone: (410) 537-1001
To the Trustee:	Manufacturers and Traders Trust Company Corporate Trust Services 25 South Charles Street MD2-Cs58 Baltimore, Maryland 21201 Attention: Donald C. Hargadon Telephone: (410) 244-4224

Any person may, by written notice to the other person listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee and owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 17. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF this Continuing Disclosure Agreement is being executed on behalf of Maryland Transportation Authority and the Trustee and the seal of the Authority and the Trustee are being impressed hereon attested to, as of this ___ day of December, 2014.

(SEAL)

MARYLAND TRANSPORTATION AUTHORITY

Attest:_____________________

By:___________________________________
Executive Director

(SEAL)

MANUFACTURERS AND TRADERS TRUST COMPANY, as Trustee

Attest:______________________

By: _________________________________
Authorized Officer

Approved for Form and Legal Sufficiency

____
Principal Counsel
Maryland Transportation Authority

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE ANNUAL INFORMATION

Name of Issuer:	Maryland Transportation Authority
Name of Bond Issue:	$40,000,000 Maryland Transportation Authority Passenger Facility Charge Revenue Bonds, Series 2014, Baltimore/Washington International Thurgood Marshall Airport (Qualified Airport Bonds - AMT)
Dated Date of Bonds:	December ___, 2014

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided a report of Annual Information with respect to the above-named Bonds as required by the Continuing Disclosure Agreement between the Issuer and Manufacturers and Traders Trust Company, as Trustee.

Dated: ____________________________

MANUFACTURERS AND TRADERS TRUST COMPANY

cc: Maryland Transportation Authority

EXHIBIT B

(i) Debt service reserves for the prior fiscal year calculated in accordance with Section 4.09 of the Trust Agreement;

(ii) PFC rate for such fiscal year; and

(iii) PFC collections.

APPENDIX D

SPECIMEN AGM BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
31 West 52nd Street, New York, N.Y. 10019
(212) 974-0100

Form 500NY (5/90)

APPENDIX E

REPORT OF AIRPORT CONSULTANT

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Appendix E

REPORT OF THE AIRPORT CONSULTANT
on the proposed issuance of

MARYLAND TRANSPORTATION AUTHORITY

PASSENGER FACILITY CHARGE REVENUE BONDS
Series 2014

Prepared for
Maryland Aviation Administration, Maryland Department of Transportation

Prepared by
LeighFisher
Burlingame, California

November 19, 2014

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Leigh|Fisher

November 19, 2014

Mr. Paul J. Wiedefeld
Chief Executive Officer/Executive Director
BWI Thurgood Marshall Airport
Terminal Building, Third Floor
P.O. Box 8766
BWI Airport, Maryland 21240-0766

Re: Report of the Airport Consultant,
Maryland Transportation Authority, Passenger Facility Charge Revenue Bonds, Series 2014,
Baltimore/Washington International Thurgood Marshall Airport

Dear Mr. Wiedefeld:

We are pleased to submit this Report of the Airport Consultant on certain aspects of the proposed issuance of Maryland Transportation Authority, Passenger Facility Charge Revenue Bonds, Series 2014 (Series 2014 Bonds) in the aggregate principal amount of approximately $38 million. The Series 2014 Bonds are planned be issued by the Maryland Transportation Authority (Authority) on behalf of the Maryland Aviation Administration (MAA). MAA operates the Baltimore/Washington International Thurgood Marshall Airport (Airport).

The proceeds of the proposed Series 2014 Bonds are to be used to fund a portion of the costs of the D/E Connector Project (Project) at the Airport, as described below. The Authority intends to enter into a lease with MAA and the State of Maryland to lease from MAA certain property located at the Airport. The Project is planned to be constructed on this property. The Authority intends to enter into an agreement with MAA to finance the design and construction of the Project for MAA and MAA will agree, among other things, to operate, secure, and maintain the Project as the agent of the Authority.

The purpose of the Report of the Airport Consultant (Report) is to present the results of our assessment of the Authority and MAA's ability to meet the requirements to issue additional bonds. This letter and the accompanying attachments and exhibits constitute our report.

D/E CONNECTOR PROJECT

The D/E Connector Project is the second phase of the Master Plan update for the terminal, following the completion of the similar B/C Connector project. The D/E Connector Project includes:

- A consolidated security screening checkpoint for both Concourses D and E
- Two additional international gates
- Rectifying life safety code deficiencies in the terminal and concourses
- Multiple enabling projects associated with the relocation of MAA and tenant spaces that will be displaced by the construction of the proposed improvements

PROPOSED SERIES 2014 BONDS

The Series 2014 Bonds are to be issued with a parity pledge of and lien on Pledged Revenues* with the Authority's Passenger Facility Charge Revenue Bonds, Series 2012A, Baltimore/Washington International Thurgood Marshall Airport (Series 2012A Bonds), the Passenger Facility Charge Revenue Bonds, Series 2012B, Baltimore/Washington International Thurgood Marshall Airport (Series 2012B Bonds), and the Passenger Facility Charge Revenue Bonds, Series 2012C, Baltimore/Washington International Thurgood Marshall Airport (Series 2012C Bonds.)

Trust Agreement

The Series 2014 Bonds would be issued as Additional Bonds under the terms of the Authority's Trust Agreement dated December 1, 2003 (Trust Agreement), as subsequently amended and supplemented. Except as otherwise defined herein, capitalized terms in this report are used as defined in the Trust Agreement.

Requirements for Issuing Additional Bonds

The Trust Agreement specifies requirements for the financial operations of the Airport, including the Requirements for Issuing Additional Bonds. Section 2.05 of the Trust Agreement establishes the requirements which must be satisfied in order to issue Additional Bonds under that agreement. Among these is a requirement to produce a Certificate of the Authority to the effect that:

(i) The amount of the Pledged Revenues actually collected during the most recent Bond Year** was not less than 150% of the Debt Service Requirements of Outstanding Bonds for such Bond Year,

(ii) During each of the five Bond Years immediately succeeding the later of the date of delivery of such Additional Bonds and the date to which interest on such Additional Bonds has been funded, the estimated Pledged Revenues to be actually collected during each such Bond Year are projected to be not less than 150% of the Debt Service Requirements of Outstanding Bonds for such Bond Year, taking into account the Additional Bonds to be issued, and

(iii) If any Credit Facility is then in effect, the Authority has satisfied the requirements of the related Credit Facility Agreement regarding issuance of Additional Bonds. According to MAA, no Credit Facility will be used for the Series 2014 Bonds.

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*The Pledged Revenues are defined in the Trust Agreement as (a) all Passenger Facility Charges (PFCs) in an amount up to $4.50 assessed to eligible passengers enplaning at BWI Marshall on July 1, 2004 and thereafter payable to MAA, (b) any additional PFCs that may be pledged by the Authority hereunder as part of the Trust Estate pursuant to a Supplemental Trust Agreement, (c) interest earnings on the funds and accounts created hereby, (d) all amounts payable to the Authority or the Trustee pursuant to any Qualified Hedging Transaction, and (e) all rights to receive the same and the proceeds of such rights, whether now existing or hereafter coming into existence.

**A Bond Year is the 12-month period ending June 1. The MAA's Fiscal Year is the 12-month period ending June 30. For the purposes of this report, Bond Year and Fiscal Year are used interchangeably.

These requirements are referred to as the Additional Bonds Test or ABT. The applicable years for the ABT for the Series 2014 Bonds are FY 2014 and FY 2016 through FY 2020 (Forecast Period).

SCOPE OF STUDY

In conducting our study, we analyzed:

- Future airline traffic demand at the Airport, giving considerations to the demographic and economic characteristics of the region served, historical trends in airline traffic, airline service provided and scheduled to be provided by airlines, and key factors that may affect future airline traffic.

- Estimated sources and uses of funds for the D/E Connector Project and associated annual Debt Service for principal and interest on the Series 2014 Bonds.

- Historical relationships among Pledged Revenues, airline traffic at the Airport, and other factors that may affect future Pledged Revenues.

- The MAA's historical financial results for FY 2012 through FY 2014, the budget for FY 2015, and other operational considerations.

- The MAA's policies and contractual agreements relating to the use and occupancy of the Airport; the calculation and adjustment of airline rentals, fees, and charges pursuant to the Airline Agreement; and the leasing of buildings and grounds.

We identified for Airport management the key factors upon which the future financial results of the Airport may depend and the formulation of assumptions about those factors. Estimates of project costs, project financing, and annual debt service requirements were provided by those sources listed. On the basis of these assumptions, we assembled the financial projections presented in the exhibits accompanying this report.

FINANCIAL FORECASTS

As shown in the table on the following page, the Authority is in compliance with the Conditions for Issuing Additional Bonds as set forth in Sections 2.05(i) and (ii) of the Trust Agreement. Pledged Revenues are projected to equal or exceed 150% of the Debt Service Requirement, as required by the Trust Indenture, in each Fiscal Year of the forecast period (thorough FY 2020).

Fiscal Year	Pledged Revenues [A]	Debt Service Requirement *(a)* [B]	Coverage ratio [C=A/B]
2014 *(b)*	$43,918,570	$12,127,918	3.62
2015	44,597,000	15,617,000	2.86
2016	45,292,000	17,241,000	2.63
2017	46,149,000	17,206,000	2.68
2018	46,909,000	17,166,000	2.73
2019	47,700,000	17,125,000	2.79
2020	48,433,000	17,100,000	2.83

(a) Includes Debt Service Requirements associated with Series 2012A Bonds, Series 2012B Bonds, Series 2012C Bonds, and Series 2014 Bonds.
(b) Historical results derived from the MAA's financial records.

Assumptions Underlying the Financial Forecasts

The financial forecasts accompanying this report are based on information and assumptions that were provided by, or reviewed with and agreed to by, the MAA. Accordingly, the forecasts reflect the MAA's expected course of action during the forecast period and, in MAA's judgment, present fairly the expected financial results of the Airport. The key factors and assumptions that are significant to the forecasts are set forth in the attachment, "Background, Assumptions, and Rationale for the Financial Forecasts." The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the forecasts. However, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of the report.

* * * * *

We appreciate the opportunity to serve as the Authority and MAA's Airport Consultant on this proposed financing.

Respectfully submitted,

Leigh Fisher

LeighFisher

Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE
FOR THE FINANCIAL FORECASTS

REPORT OF THE AIRPORT CONSULTANT

on the proposed issuance of

MARYLAND TRANSPORTATION AUTHORITY

PASSENGER FACILITY CHARGE REVENUE BONDS
Series 2014

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AIRPORT FACILITIES

Baltimore/Washington International Thurgood Marshall Airport (the Airport) occupies a 3,200-acre site in Anne Arundel County about 10 miles by road south of Baltimore, Maryland and 25 miles north of Washington, D.C. Access to the Airport is provided by, among other roads, Interstate 95, which bounds the Airport site to the north. Light rail service is provided by the Maryland Transit Administration (MTA) from the passenger terminal complex to downtown Baltimore, Timonium, and Hunt Valley. In addition, Amtrak and Maryland Rail Commuter (MARC) trains provide service to the BWI Marshall Rail Station, where free shuttles serve the airport terminal.

Airfield

The Airport has four runways and an associated system of taxiways. The runways are east-west Runway 10-28, 10,500 feet long, northwest-southeast Runway 15R-33L, 9,500 feet long, and northwest-southeast commuter Runway 15L-33R, 5,000 feet long.

Passenger Terminals

The passenger terminal complex comprises five concourses (four domestic and one domestic/international), each providing facilities for aircraft loading and unloading; passenger ticketing, check-in, and security screening; and baggage claim. The terminal complex provides a total of approximately 2.1 million square feet of space and 73 aircraft gates.

Concourses A and B, which are utilized by Southwest Airlines, together provide 26 gates. Concourse C provides 14 gates utilized by Southwest Airlines, Alaska Airlines, American Airlines, and Spirit Airlines. Concourse D provides 27 gates utilized by Air Canada, Delta, JetBlue, United, and US Airways. Concourse E provides 6 gates utilized by Air Canada Jazz, Air Mobility Command (AMC), British Airways, Condor Flugdienst, and various charters.

Parking and Outside Terminal Area

Public parking facilities provide approximately 25,000 spaces and consist of a six-level garage located directly in front of the terminal, satellite and express lots, and employee parking spaces. The parking garage is connected directly to the terminals by enclosed walkways.

Cargo and Other Facilities

The air cargo complex consists of five cargo buildings located adjacent to Airport Boulevard, three buildings located on Elm Road, and one building located on Mathison Way, which together provide 395,000 square feet of cargo space.

General and business aviation facilities are located on 22 acres on the northeast side of the Airport. Commercial fixed base operator services are provided by Signature Flight Support. Approximately 70 general aviation aircraft are based at the Airport and approximately 16,000 general aviation operations (landings and takeoffs) occurred in FY 2014.

MAA'S CAPITAL IMPROVEMENT PROGRAM

The MAA maintains a six-year capital improvement program for the Airport. The current FY 2015 to FY 2020 capital improvement program totals $583.6 million with funding from the Maryland Transportation Trust Fund, federal grants, PFC collections, and rental car customer facility charge collections. Project costs exclude financing costs, capitalized interest, and debt service reserve funding. Major Airport capital improvement projects during the next six years, in addition to the D/E Connector Project (approximately $125 million) include (i) runway safety area and pavement management projects ($186 million remaining), (ii) various system preservation projects ($211 million), (iii) loading bridge replacement ($12 million), (iv) parking revenue control systems ($9 million), and (iv) noise mitigation projects ($6 million). The D/E Connector Project, described in detail in the following sections, represents 23% of the total Capital Improvement Program.

The MAA intends to initiate additional projects only in response to identified demand. MAA's current plans do not assume the issuance of any additional debt beyond the proposed Series 2014 Bonds through the FY 2015 to FY 2020 capital improvement program.

D/E CONNECTOR PROJECT

Exhibit A summarizes the elements of the D/E Connector Project and their estimated costs and funding sources. As shown, MAA plans to finance the D/E Connector Project with the proceeds of the Series 2014 Bonds, PFC pay-as-you-go funds, and TTF funds. The primary elements of the D/E Connector Project are described in the following sections.

The D/E Connector Project is the second phase of the Master Plan update for the terminal, following the completion of the similar B/C Connector project. The D/E Connector Project includes a consolidated security screening checkpoint for both Concourses D and E, two additional international gates, rectifying life safety code deficiencies in the terminal and concourses, and multiple enabling projects associated with the relocation of MAA and tenant spaces that will be displaced by the construction of the proposed improvements.

On the departures (upper) level, the Project will increase the total square footage by approximately 82,000 square feet. Project elements will consist of a new consolidated passenger screening checkpoint, holdrooms, restrooms, concessions space, Customs Border Protection screening rooms, Transportation Security Administration office space, storage, increased circulation space and widened concourse exits.

The D/E Connector includes a sterile corridor between gates D1, D3 and D5 and the existing entrance to the international arrivals hall. The proposed improvements will increase the total square footage on the Sterile Level by approximately 9,600 square feet.

On the arrivals (lower) level, the Project will increase the total square footage on the arrivals level by approximately 38,000 square feet. Improvements in the D/E Connector project on the arrivals level include a reconfigured outbound baggage room, expanded mechanical equipment rooms, a new electrical substation, a new loading dock below the concessions core, reconfiguration of the international inbound baggage drop off area and shell space that will ultimately be used for a third international baggage claim carousel, and interrogation, detention and office space for the Authority's police force.

Several enabling projects, such as tenant and infrastructure relocations, are also part of the Project.

AIRLINE TRAFFIC ANALYSIS

AIRPORT SERVICE REGION

As shown on Figure 1 and in Table 1, the Airport service region includes primary and secondary regions. The primary geographical area served by the Airport consists of Baltimore City and the counties of Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's in Maryland (the Baltimore-Columbia-Towson Metropolitan Statistical Area or Baltimore MSA). According to the U.S. Department of Commerce, Bureau of the Census, the population of the Baltimore MSA was 2.8 million in 2013, accounting for about 47% of Maryland's total population of 5.9 million. Baltimore County and Baltimore City together accounted for about 52% of the population of the Baltimore MSA, as reflected by the population densities shown on Figure 1.

The secondary region served by the Airport consists of the District of Columbia and 17 counties and 6 cities in the states of Maryland, Virginia, and West Virginia (the Washington-Arlington-Alexandria MSA or Washington, D.C. MSA), as shown in Table 1. In 2013, the population of the Washington, D.C. MSA was 6.0 million. Virginia accounted for the largest share of total population in the Washington, D.C. MSA, with 2.9 million, followed by Maryland (with 2.4 million), the District of Columbia (with 0.6 million), and West Virginia (0.1 million). The secondary region is also served by two other air carrier airports—Washington Dulles International and Reagan Washington National airports in Washington, D.C. The availability and cost of airline service at these two airports further define the boundaries of the secondary region.

The population of the total Airport service region, including the primary and secondary regions, was 8.7 million in 2013. The Baltimore MSA accounted for 31.8% of the Airport service region population, with the Washington, D.C. MSA accounting for the remaining 68.2%. Because economic growth and activity within the Airport service region stimulate a significant portion of passenger demand at the Airport, statistics for the Baltimore MSA and the Washington, D.C. MSA were used to evaluate certain long-term and future airline traffic trends at the Airport. The Airport also serves passengers from Southern Pennsylvania and Delaware but the economic activity of those regions are not considered a primary driver of passenger demand at the Airport.

Figure 1
AIRPORT SERVICE REGION
Baltimore/Washington International Thurgood Marshall Airport

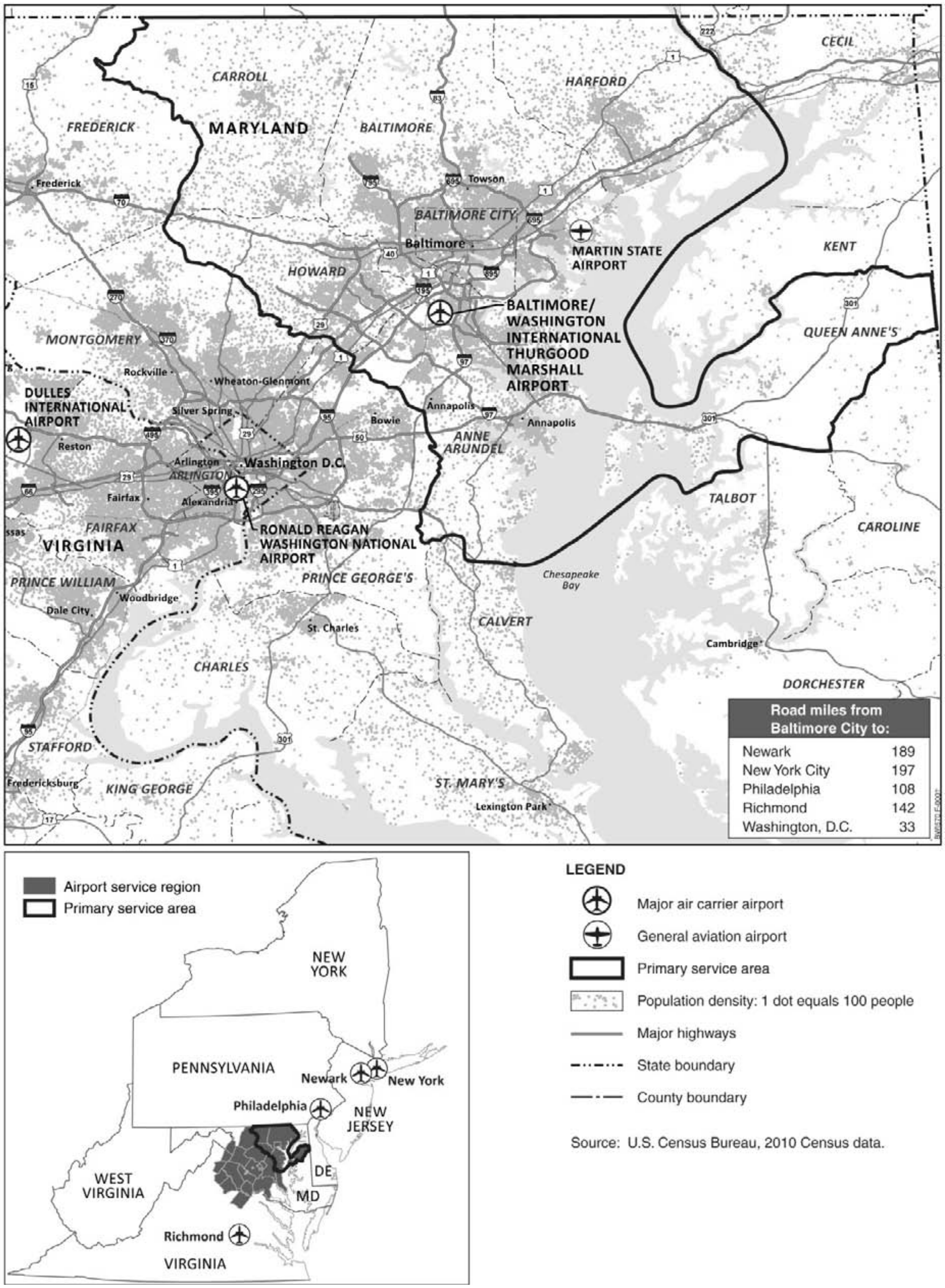


Table 1
POPULATION DISTRIBUTION IN THE AIRPORT SERVICE REGION IN 2013

MSA / County	2013 Population	Percent of total
Primary service region		
Baltimore-Towson MSA		
Baltimore	823,015	9.4%
Baltimore City	622,104	7.1
Anne Arundel	555,743	6.4
Howard	304,580	3.5
Harford	249,215	2.9
Carroll	167,564	1.9
Queen Anne’s	48,517	0.6
Subtotal—primary region	2,770,738	31.8%
Secondary service region		
Washington-Arlington-Alexandria MSA		
Maryland		
Montgomery	1,016,677	11.7%
Prince George's	890,081	10.2
Frederick	241,409	2.8
Charles	152,864	1.8
Calvert	90,484	1.0
Subtotal-Maryland	2,391,515	27.4%
District of Columbia, D.C.	646,449	7.4%
Virginia		
Fairfax	1,130,924	13.0%
Prince William	438,580	5.0
Loudoun	349,679	4.0
Arlington	224,906	2.6
Alexandria city	148,892	1.7
Stafford	136,788	1.6
Spotsylvania	127,348	1.5
Fauquier	67,207	0.8
Culpeper	48,506	0.6
Manassas city	41,705	0.5
Warren	38,699	0.4
Fredericksburg city	28,132	0.3
Fairfax city	23,973	0.3
Manassas Park city	16,149	0.2
Clarke	14,348	0.2
Falls Church city	13,508	0.2
Rappahannock	7,478	0.1
Subtotal-Virginia	2,856,822	32.8%
West Virginia		
Jefferson	55,073	0.6%
Subtotal—secondary region	5,949,859	68.2%
Airport service region	8,720,597	100.0%

Source: U.S. Department of Commerce, Bureau of the Census, www.census.gov, accessed September 2014.

The Airport is the primary source of passenger airline service for the Baltimore MSA. As noted previously, Washington Dulles International and Reagan Washington National airports in Washington, D.C. serve the Airport's secondary area. In addition, Philadelphia International Airport, located 108 miles northeast of Baltimore, provides airline service to southeast Pennsylvania. Other airports near Baltimore, such as those in Hagerstown and Salisbury, Maryland and Harrisburg, Pennsylvania, offer limited passenger service.

The average numbers of daily departures from each of these airports, as currently scheduled for October 2014, are listed in Table 2. Because a large number of the Airport's passengers originate in the Baltimore MSA, the economy of this area is discussed in more detail in the sections that follow. Washington Dulles International and Reagan Washington National airports, 59 and 38 road miles, respectively, from Baltimore, are the most frequently considered alternatives to Baltimore/Washington International Airport among residents of and visitors to the Baltimore MSA because of their relative proximity and similar level of service.

Table 2
SCHEDULED AIRLINE SERVICE AT AIRPORTS NEAR BALTIMORE
October 2014

		Average daily passenger airline nonstop departures			
Airport location	Driving distance from Baltimore (miles)	Mainline carriers	Regional affiliates	Low cost carriers *(a)*	Total
Baltimore	**--**	**50**	**27**	**204**	**281**
Washington, D.C.					
Dulles	59	130	198	26	354
National	38	129	202	66	397
Philadelphia	108	189	319	32	540
Harrisburg	97	6	25	2	33
Salisbury	110	--	6	--	6
Hagerstown	87	3	--	*(b)*	3

(a) Includes Allegiant Air, AirTran Airways, Frontier Airlines, JetBlue Airways, Southwest Airlines, Spirit Airlines, Sun Country Airlines, and Virgin America Airlines.
(b) Represents less than one daily departure.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed September 2014.

This section focuses on the economy of the primary Airport Service Region to provide a context for aviation-related demand at the Airport. The extent to which these surrounding airports compete with the Airport for passengers is discussed in the later section, "Competing Airports."

ECONOMIC BASIS FOR AIRLINE TRAFFIC

The economy of an airport service region is a major factor affecting long-term airline traffic at the airport serving the region. Generally, regions with larger populations, higher levels of employment, and higher average per capita incomes compared with other regions will generate a higher demand for airline travel. The demographics and economy of the region—as measured by changes in population, employment, and per capita income—as well as airline service and airfares—are typically the most important factors affecting originating and destination (O&D) passenger demand (i.e., these passengers did not connect with another flight at the Airport). During the first 9 months of FY 2014, approximately 72% of the Airport's passengers were O&D passengers; the remaining 28% were connecting passengers. Connecting passenger traffic is determined more by the route network decisions of the hubbing airlines.

This section focuses on the economy of the primary Airport Service Region to provide a context for aviation-related demand at the Airport. The extent to which surrounding airports compete with the Airport for passengers is discussed in the later section, "Competing Airports."

Historical Population, Employment, and Per Capita Personal Income

As shown in Table 3, the population of the Airport service region was 8.72 million in 2013, including 2.77 million in the Baltimore MSA and 5.95 million in the Washington, D.C. MSA. The population for the Airport service region increased an average of 1.2% per year from 1990 to 2013, with slower growth in the Baltimore MSA (an average increase of 0.6% per year) and faster growth in the Washington, D.C. MSA (an average increase of 1.6% per year). Historical population growth in Maryland and the United States was slower than that for the Airport service region between 1990 and 2013, with average increases of 0.9% and 1.0% per year, respectively. Population in the Airport service region is projected by Woods & Poole Economics to increase an average of 1.5% per year between 2013 and 2019, with slower growth projected in the Baltimore MSA (an average increase of 0.9% per year) and faster growth in the Washington, D.C. MSA (an average increase of 1.7% per year).

From 1990 to 2013, nonagricultural employment in the Airport service region increased an average of 1.1% per year, faster growth than experienced in Maryland (an average increase of 0.8% per year) and the nation during this period (an average increase of 1.0% per year), as shown in Table 3. Nonagricultural employment in the Baltimore MSA and Maryland increased an average of 0.5% and 0.4% per year, respectively, between 2000 and 2013, compared with an average increase of 1.1% per year in the Washington, D.C. MSA. This period of slow employment growth partly reflects cyclical patterns in employment growth linked to the expansion and contraction of the U.S. economy. Nonagricultural employment in the Airport service region is projected by Woods & Poole Economics to increase an average of 1.6% per year between 2013 and 2019, faster than projected growth for the nation.

Table 3
HISTORICAL AND PROJECTED POPULATION AND EMPLOYMENT

	Population (thousands)					Nonagricultural employment (thousands)				
	Airport service region					Airport service region				
	Baltimore MSA	Washington, D.C. MSA	Total	State of Maryland	United States	Baltimore MSA	Washington, D.C. MSA	Total	State of Maryland	United States
Historical										
1990	2,391	4,123	6,514	4,781	248,718	1,153	2,251	3,403	2,173	109,487
2000	2,553	4,796	7,350	5,296	281,422	1,251	2,679	3,929	2,455	131,785
2010	2,715	5,665	8,380	5,787	309,326	1,273	2,967	4,239	2,517	130,275
2011	2,734	5,772	8,506	5,840	311,583	1,293	3,010	4,302	2,543	131,842
2012	2,754	5,863	8,617	5,885	313,874	1,315	3,049	4,363	2,574	134,104
2013	2,771	5,950	8,721	5,929	316,129	1,333	3,079	4,412	2,596	136,368
Projected										
2015	2,823	6,161	8,984	6,049	322,455	1,368	3,181	4,549	2,665	139,807
2019	2,931	6,585	9,516	6,296	335,449	1,453	3,402	4,855	2,830	147,496
	Compound annual percent increase (decrease)									
Historical										
1990-2000	0.7%	1.5%	1.2%	1.1%	1.3%	0.8%	1.8%	1.5%	1.2%	1.9%
2000-2013	0.6	1.6	1.2	0.9	0.9	0.5	1.1	0.9	0.4	0.2
1990-2013	0.6	1.6	1.2	0.9	1.0	0.6	1.4	1.1	0.8	1.0
Projected										
2013-2015	0.9	1.8	1.5	1.0	1.0	1.3	1.6	1.5	1.3	1.3
2015-2019	0.9	1.7	1.4	1.0	1.0	1.5	1.7	1.6	1.5	1.3
2013-2019	0.9	1.7	1.5	1.0	1.0	1.4	1.7	1.6	1.4	1.3

Note: Baltimore MSA includes Baltimore City and six counties in Maryland and the Washington, D.C. MSA includes the District of Columbia, 17 counties and 6 cities in the states of Maryland, Virginia, and West Virginia, as shown in Table 1.

Sources: *Historical* — U.S. Department of Commerce, Bureau of the Census, www.census.gov, accessed September 2014. Population data are reported for April 1 Census counts and July 1 estimates for intercensal years. U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov.
Projected — Woods & Poole Economics, Inc., *The Complete Economic and Demographic Data Source*, 2013.

In 1990, the Airport service region's per capita personal income (in 2005 dollars) was $37,527, 28% higher than that of the nation as a whole ($29,264), as shown in Table 4. From 1990 to 2012 (the most recent year for which such data for the Airport service region are available), inflation adjusted per capita income in the Airport service region increased an average of 1.4% per year, higher than the rate for the State and the nation as a whole. In 2005 dollars, the Airport service region's 2012 per capita personal income of $50,470 was 36% higher than that of the nation ($37,202). The average annual rate of growth in per capita personal income in the Airport service region is projected by Woods & Poole Economics to increase to 0.9% from 2012 through 2019, slower than growth projected for the State and the nation.

Table 4
HISTORICAL AND PROJECTED PER CAPITA PERSONAL INCOME
In 2005 dollars

	Airport service region				
	Baltimore MSA	Washington, D.C. MSA	Total	State of Maryland	United States
Historical					
1990	32,848	40,206	37,527	34,461	29,264
2000	38,909	47,846	44,766	40,071	34,690
2010	44,465	52,147	49,658	44,821	35,972
2011	45,507	52,818	50,468	45,496	36,725
2012	46,105	52,521	50,470	45,778	37,202
2013	n.a.	n.a.	n.a.	45,488	37,343
Projected					
2015	47,383	52,929	51,189	46,207	37,817
2019	50,326	55,228	53,725	48,922	39,885
	Compound average annual percent increase (decrease)				
Historical					
1990-2000	1.7%	1.8%	1.8%	1.5%	1.7%
2000-2013	1.4	0.8	1.0	1.0	0.6
1990-2013	1.6 *(a)*	1.2 *(a)*	1.4 *(a)*	1.2	1.1
Projected					
2013-2015	0.9 *(a)*	0.3 *(a)*	0.5 *(a)*	0.8	0.6
2015-2019	1.5	1.1	1.2	1.4	1.3
2013-2019	1.3 *(a)*	0.7 *(a)*	0.9 *(a)*	1.2	1.1

Note: Baltimore MSA includes Baltimore City and six counties in Maryland and the Washington, D.C. MSA includes the District of Columbia, 17 counties and 6 cities in the states of Maryland, Virginia, and West Virginia, as shown in Table 1.
n.a. = not available

(a) Represents the increase from 2012.

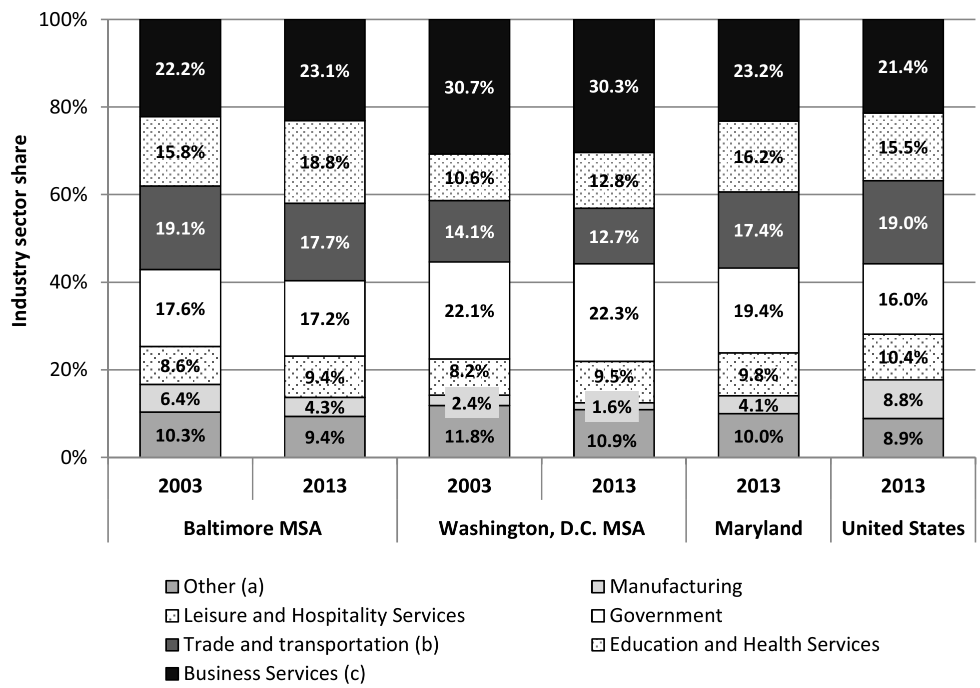
Sources: *Historical*—U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, www.bea.gov, accessed September 2014.
Projected—Woods & Poole, *Economic and Demographic Projections*, 2013.

Nonagricultural Employment by Industry Sector

Figure 2 shows a comparative distribution of nonagricultural employment by industry sector for the Baltimore MSA and Washington, D.C. MSA in 2003 and in 2013, and for the State and the nation in 2013.

Figure 2

COMPARATIVE DISTRIBUTION OF NONAGRICULTURAL EMPLOYMENT



(a) Includes mining, construction, and other services.
(b) Includes utilities.
(c) Includes professional and business services, finance, and information services.

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed September 2014.

The Airport service region's economy is diverse, and driven primarily by industry sectors that tend to provide more stable employment levels, such as Business Services, Education and Health Services, and Government.

- **Business Services**. Business services in the Baltimore and the Washington, D.C. MSAs accounted for the largest share of nonagricultural employment, with 23.1% and 30.3%, respectively, in 2013. From 2003 to 2013, Baltimore MSA employment in business services increased an average of 1.1% per year, faster than growth in the Washington, D.C. MSA (an average increase of 0.9% per year), the State (an average increase of 0.4% per year), and the nation (an average increase of 0.7% per year).

- **Education and Health Services.** The education and health services sector became increasingly important over the decade, growing from a 15.8% share of employment in the Baltimore MSA in 2003 to 18.8% in 2013. Similarly, employment in education and health services in the Washington, D.C. MSA increased from 10.6% of in 2003 to 12.8% in 2013. Between 2003 and 2013, education and health services employment in the Baltimore and the Washington, D.C. MSAs increased an average of 2.4% and 2.9% per year, respectively, and was the fastest growing industry sector. Johns Hopkins Hospital and Health and University of Maryland Medical systems are two of the top employers in Baltimore.

- **Government**. Employment by federal, state and local government agencies* increased an average of 1.1% per year between 2003 and 2013 in the Washington, D.C. MSA, compared with an average increase of 0.5% per year in the Baltimore MSA during the same period. Fort Meade, located less than ten miles south of the Airport, employs approximately 11,000 military personnel and 29,000 civilian employees.** Of the total employees at Fort Meade, 44% are government employees, 26% are military and 30% are contractors. Fort Meade is Maryland's largest employer and the third-largest workforce of any U.S. Army installation. In response to the military's Base Realignment and Closure plan, construction of new facilities has been completed for Defense Adjudication Activities, the Defense Information Systems Agency, and the Defense Media Activity. The government sector accounted for the second largest share of employment in the Washington, D.C. MSA in 2013, reflecting the role of the District of Columbia as the nation's capital and the presence of large number of federal agencies. The share of government employment in the Washington. D.C. MSA was virtually unchanged from 2003 to 2013.

- **Trade and Transportation.** From 2003 to 2013, employment in trade and transportation in both the Baltimore and the Washington, D.C. MSAs remained relatively unchanged, although the share of total employment decreased. In the Baltimore MSA, the share of trade and transportation employment decreased from 19.1% in 2003 to 17.7% in 2013. Similarly, the share of trade and transportation, employment in the Washington, D.C. MSA decreased from 14.1% in 2003 to 12.7% in 2013.

- **Leisure and Hospitality Services.** Employment in leisure and hospitality services was the second fastest growing sector between 2003 and 2013, increasing an average of 1.6% and

*As reported by the U.S. Department of Labor, Bureau of Labor Statistics, government employment includes only civilian employees.

**Fort George G. Meade, www.ftmeade.army.mil, accessed September 2014.

2.4% per year, respectively, in the Baltimore and Washington, D.C. MSAs. The share of leisure and hospitality services in the Baltimore MSA increased from 8.6% in 2003 to 9.4% in 2013. Similarly, the share of leisure and hospitality services in the Washington, D.C. MSA increased from 8.2% in 2003 to 9.5% in 2013.

- **Manufacturing.** Between 2003 and 2013, manufacturing employment decreased in the Baltimore and Washington, D.C. MSAs, an average decrease of 3.2% and 3.3% per year, respectively. The manufacturing sector experienced the largest employment losses of any industry sector. The manufacturing sectors in Maryland and the nation also experienced job losses between 2003 and 2013, decreasing an average of 3.1% and 1.9% per year, respectively, during that period. The share of manufacturing employment in the Baltimore MSA decreased from 6.4% in 2003 to 4.3% in 2013. Similarly, the share of manufacturing employment in the Washington, D.C. MSA decreased from 2.4% in 2003 to 1.6% in 2013.

- **Other Activities.** Other employment in the Baltimore MSA decreased an average of 0.3% per year between 2003 and 2013, compared with an average increase of 0.2% per year in the Washington, D.C. MSA. The share of other employment in the Baltimore MSA decreased from 10.3% in 2003 to 9.4% in 2013. Similarly, the share of other employment in the Washington, D.C. MSA decreased from 11.8% in 2003 to 10.9% in 2013.

Major Employers

Table 5 lists the private sector employers with the largest numbers of Baltimore MSA employees in 2014. The education and health services sector accounts for 14 of the top 21 employers in Baltimore reflecting the importance of this sector to the economy of the Baltimore MSA.

Table 5
TOP EMPLOYERS IN BALTIMORE IN 2014

Employer	Product/service	Number of employees
Johns Hopkins University	Higher education	21,550
Johns Hopkins Hospital and Health System	Medical services	18,520
University of Maryland Medical System	Medical services	10,003
University System of Maryland	Higher education	9,476
Medstar Health	Medical services	6,160
LifeBridge Health	Medical services	5,026
Mercy Health Services	Medical services	3,992
St. Agnes HealthCare	Medical services	3,259
Constellation Energy/BGE *(a)*	HQ / energy services	3,116
Kennedy Krieger Institute	Medical services	2,200
Veteran's Health Administration	Medical services	2,186
Morgan State University	Higher education	1,826
FutureCare	Nursing care	1,773
U.S. Social Security Administration	Income security program	1,600
Broadway Services	Support services management	1,400
T. Rowe Price Group *(a)*	Financial services	1,256
U. S. Army Corps of Engineers	Engineering Services	1,208
M & T Bank	Banking services	1,151
Under Armour	Athletic apparel	1,132
Loyola University Maryland	Higher education	1,113
Laureate Education *(a)*	Higher education	1,055

Note: Excludes post offices, state and local governments; includes higher education. Employee counts for federal and military facilities exclude contractors to the extent possible; embedded contractors may be included.

(a) Headquarter offices are based in Baltimore.

Source: Baltimore Development Corporation, www.baltimoredevelopment.com, accessed September 2014.

Table 6 lists the private-sector employers with the largest numbers of employees in the Greater Washington region in 2013. The region's top employers include aerospace, defense, security and intelligence; information and communication technology; biotechnology and life sciences; healthcare; and hospitality.

Table 6
TOP EMPLOYERS IN GREATER WASHINGTON IN 2013

Rank	Company	Number of employees
1	Inova Health System	15,200
2	MedStar Health	14,300
3	Lockheed Martin Corp.	14,000
4	Marriott International Inc.	13,900
5	Booz Allen Hamilton Inc.	13,900
6	Northrop Grumman Corp.	13,300
7	Giant Food LLC	11,200
8	Verizon Communications Inc.	11,000
9	General Dynamics Corp.	8,100
10	Deloitte LLP	7,700
11	Safeway Inc.	7,400
12	Hilton Worldwide Inc.	7,200
13	CACI International Inc.	6,700
14	Wal-Mart Stores Inc.	6,500
15	Georgetown University	6,300

Note: The Greater Washington area includes the jurisdictions of Washington, D.C., northern Virginia, and suburban Maryland, with a population of 6.3 million, and differs slightly from the traditional government definition of the metropolitan statistical area.

Source: Greater Washington Business Journal, *Book of Lists*, 2014.

As shown in Table 7, the Greater Washington, D.C. region was home to 16 *Fortune* 500 company headquarters in 2013. According to the Greater Washington Initiative, Greater Washington, D.C. attracted five new corporate headquarters since 2008—CSC, Volkswagen Group of America, Hilton Worldwide, Science Applications International Corporation (SAIC), and Northrop Grumman.

Table 7

FORTUNE 500 COMPANIES HEADQUARTERED IN GREATER WASHINGTON, D.C. IN 2013

Fortune 500 rank	Company	City	2013 Revenue (millions)
13	Fannie Mae	Washington, DC	$125,696
32	Freddie Mac	McLean, VA	81,221
59	Lockheed Martin	Bethesda, MD	45,358
99	General Dynamics Corporation	Falls Church, VA	31,218
122	Northrop Grumman Corporation	Falls Church, VA	24,661
124	Capital One Financial	McLean, VA	24,176
149	Danaher Corporation	Washington, DC	19,118
174	AES Corporation	Arlington, VA	16,580
185	Computer Sciences Corporation	Falls Church, VA	15,388
219	Marriott International	Bethesda, MD	12,784
289	Hilton Worldwide Holdings Inc.	McLean, VA	9,735
442	Leidos Holdings Inc.	Reston, VA	5,788
443	Booz Allen Hamilton	McLean, VA	5,758
477	Host Hotels & Resorts	Bethesda, MD	5,270
481	Gannett Company, Inc.	McLean, VA	5,161
495	NII Holdings	Reston, VA	4,978

Note: The Greater Washington area includes the jurisdictions of Washington, DC, northern Virginia, and suburban Maryland, with a population of 6.3 million, and differs slightly from the traditional government definition of the metropolitan statistical area.

Source: *Fortune*, Fortune 500 List of the Largest U.S. Companies in 2014, www.fortune.com/fortune500.

Unemployment Rates

In addition to the employment trends cited above, the unemployment rate is also indicative of general economic conditions. Table 8 shows comparative annual unemployment rates in the Baltimore and Washington D.C. MSAs, the State of Maryland, and the nation as a whole for 2000 through 2013. The unemployment rate in the Baltimore MSA has followed the trends in the State and the nation, but exceeded the State rate between 2000 and 2013. Since 2000, annual unemployment rates in the Baltimore and Washington D.C. MSAs and the State have remained lower than the national rate, but have not returned to prerecession levels.

Table 8
COMPARATIVE UNEMPLOYMENT RATES

	Baltimore MSA	Washington, D.C. MSA	State of Maryland	United States
2000	3.8%	2.7%	3.6%	4.0%
2001	4.3	3.4	4.1	4.7
2002	4.8	4.0	4.5	5.8
2003	4.8	3.9	4.5	6.0
2004	4.6	3.7	4.3	5.5
2005	4.4	3.4	4.1	5.1
2006	4.0	3.1	3.8	4.6
2007	3.6	2.9	3.4	4.6
2008	4.5	3.7	4.3	5.8
2009	7.8	6.2	7.4	9.3
2010	8.3	6.5	7.9	9.6
2011	7.6	6.1	7.3	8.9
2012	7.2	5.7	6.9	8.1
2013	6.8	5.4	6.5	7.4

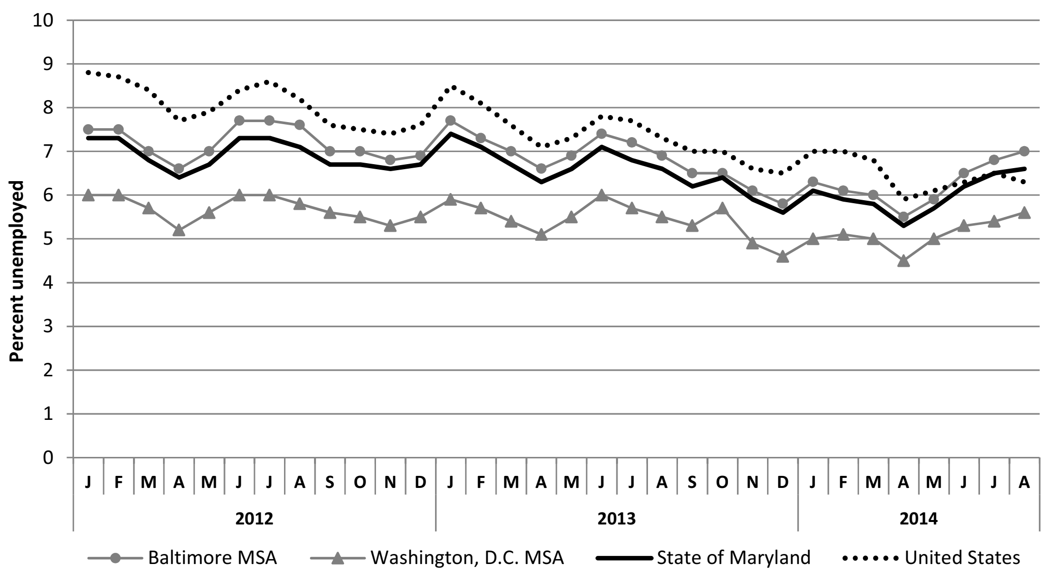
Note: Unemployment rates are not seasonally adjusted and represent annual averages.

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed September 2014.

As shown on Figure 3, monthly unemployment rates in the Baltimore and Washington D.C. MSAs and the State of Maryland increased in 2014, while national unemployment rates have continued to generally decrease. In August 2014, the Baltimore MSA unemployment rate (unadjusted) was 7.0%, higher than that for the Washington D.C. MSA (5.6%), the State (6.6%), and the nation (6.3%). Recent increases in unemployment rates in the Baltimore and Washington D.C. MSAs and the State of Maryland reflect the national emphasis on deficit reduction and decreases in Federal government employment.

Figure 3

MONTHLY UNEMPLOYMENT RATES



Note: Unemployment rates are not seasonally adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed September 2014.

Infrastructure Development

Maryland Route 200 (MD 200), more commonly known as the Intercounty Connector (ICC), opened in September 2014, linking central and eastern Montgomery County and northwestern Prince George's County, including enhanced access to the Airport. Prior to the opening of the ICC, drive times to the Airport and Washington Dulles were comparable for residents of Montgomery County. With the ICC, drive times to the Airport are anticipated to be reduced.

Several large-scale infrastructure projects are planned or under construction in the Baltimore MSA. These projects are expected to enhance passenger traffic growth at the Airport and increase international trade activity in the Airport service region, including:

- **Airport D and E concourse expansion.** In July 2014, the Maryland Board of Public Works approved a $125 million project for an expansion between the D and E concourses that is expected to provide additional domestic and international capacity. The new project, set to begin construction early next year, will modernize Concourse D and its security checkpoint, and create a secure connection to the international gates on Concourse E. It will also create two new gates that will be able to "swing" between serving domestic fliers and international travelers based on demand.

- **Baltimore Red Line.** In 2013, the State of Maryland approved $689 million in State funds for right-of-way acquisition and final design and initial construction of the Red Line. The Baltimore Red Line is a proposed 14-mile light rail line connecting the areas of Woodlawn, Edmondson Village, West Baltimore, downtown Baltimore, Harbor East, Fells Point, Canton, and the Johns Hopkins Bayview Medical Center with direct connections to existing Metro Subway, Light Rail, MARC Train and local bus services. The Red Line is currently in the engineering phase, with the opening of service expected in 2022.*

- **Purple Line**. In September 2014, the Maryland Department of Transportation announced nearly $175 million in contributions from Montgomery County for projects related to the creation of the Purple Line, which will connect the county with neighboring Prince George's County and with Washington's Metro system. The Purple Line is a proposed 16-mile light rail line extending from Bethesda in Montgomery County to New Carrollton in Prince George's County. It would provide a direct connection to the Metrorail Red, Green and Orange Lines; at Bethesda, Silver Spring, College Park, and New Carrollton as well as connect to MARC, AMTRAK, and local bus services. Construction is expected to begin in 2015, with the opening of service expected in 2020.**

- **Other Infrastructure Projects.** Other infrastructure projects announced by the State of Maryland include structural work on Chesapeake Bay Bridge, the widening of the I-695 Outer Loop from US 40 to MD 144 in Baltimore County, and the construction of a new Kirk Bus Division transportation and storage building in Baltimore City.

Regional Housing Market

Figure 4 presents the percent change in home prices for the Washington, D.C. Metropolitan Area from January 1988 through June 2014, compared with composites for 10 and 20 selected metropolitan areas, based on the Standard & Poor's/Case-Shiller Home Price Index. (An index for the Baltimore MSA is not available.) As shown, home prices in the Washington, D.C. area lagged the increases in home prices for the metropolitan areas in the composite index until 2001. Since 2001, home prices in the Washington, D.C. area have generally followed the trends for the metropolitan areas in the composite index, except between mid-2004 through early 2006 when Washington, D.C. home prices exceeded the metropolitan area average. Between December 2009 (after the end of national economic recession in June) and August 2012, home prices in Washington, D.C. area have varied but generally performed better than home prices for the composite of 20 metropolitan areas. However, starting in September 2012, growth in Washington, D.C. area home prices has lagged behind that for the 20 composite metropolitan areas.

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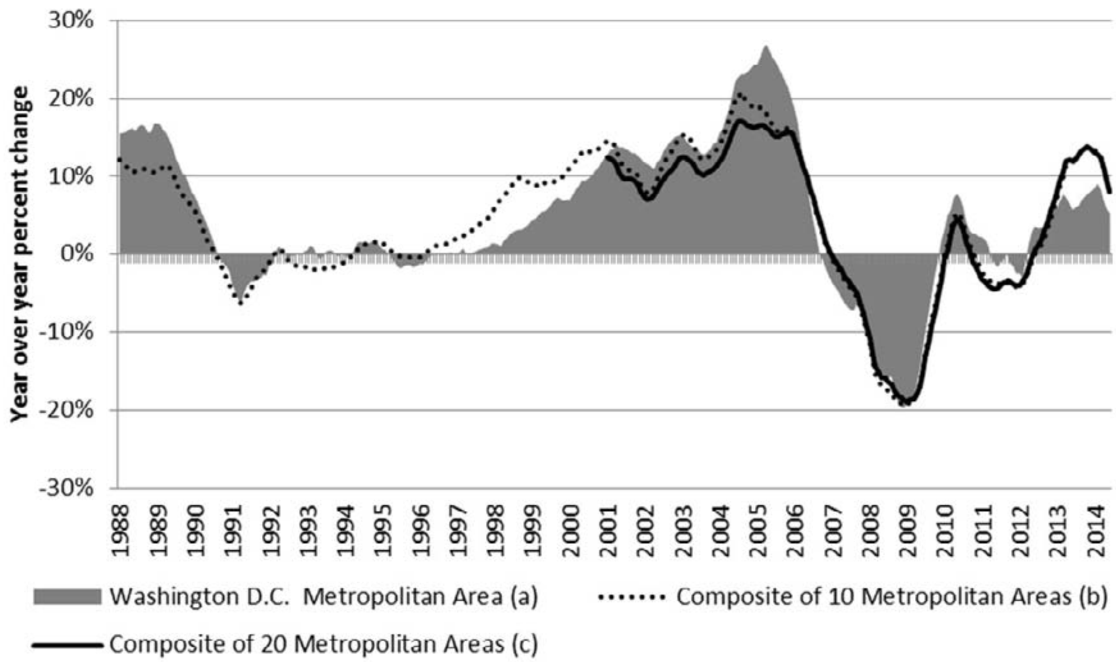
*Maryland Department of Transportation, Baltimore Red Line, www.baltimoreredline.com, accessed September 2014.

**Maryland Department of Transportation, Purple Line, www.purplelinemd.com, accessed September 2014.

Figure 4
PERCENT CHANGE IN HOME PRICES
Washington, D.C. and Selected Metropolitan Areas



Note: Data for 20 metropolitan areas begins in 2001.

(a) Includes data for Washington D.C. MSA.
(b) Includes Boston, Chicago, Denver, Las Vegas, Los Angeles, Miami, New York, San Diego, San Francisco, and Washington D.C.
(c) Includes Atlanta, Charlotte, Cleveland, Dallas, Detroit, Minneapolis, Phoenix, Portland, Seattle, and Tampa, in addition to the areas mentioned above.

Sources: Standard & Poors/Case-Shiller Home Price Indices, www.standardandpoors.com, accessed September 2014.

Tourism

Tourism is an increasingly important source of economic activity in the Airport service region. According to Destination DC, a nonprofit organization that promotes tourism, Washington, D.C., attracted 17.4 million domestic visitors and 1.6 million international visitors in 2013*, as shown in Table 9. Visitors to Washington, D.C., spent $6.69 billion in 2013, of which $1.81 billion was accounted for by overseas visitors. Similarly, according to the Visit Baltimore, Baltimore attracted 23.9 million domestic visitors in 2013* with total spending of $5.2 billion. Among domestic visitors to the Washington, D.C. MSA, approximately 57% were leisure travelers and 43% are business

*Visit Baltimore, "Baltimore Welcomed 23.9 Million Visitors Who Spent $5 Billion in 2013", July 30, 2014, www.baltimore.org. Baltimore visitor numbers include both overnight stays and day trips. Washington, D.C. visitor numbers only include overnight stays.

travelers in 2013*. In the Baltimore MSA, approximately 82% of visitors were leisure travelers (including visits to family and friends) in 2013, with the remaining 14% business travelers and 4% travelers for combined business and leisure trips.**

Table 9

HISTORICAL VISITORS TO WASHINGTON, D.C.

	Number of visitors (millions)				Total visitor spending *(a)*	
Year	Domestic	Overseas	Total	Percent change	In billions	Percent change
2004	13.8	1.0	14.8		$4.83	
2005	14.1	1.0	15.1	2.0%	5.05	4.6%
2006	13.9	1.0	14.9	(1.5)	5.18	2.6
2007	14.8	1.1	15.9	7.1	5.77	11.4
2008	15.2	1.4	16.6	3.9	5.64	(2.3)
2009	14.8	1.5	16.3	(1.7)	5.25	(6.9)
2010	15.5	1.5	17.2	5.7	5.68	8.2
2011	16.1	1.7	17.8	3.5	6.03	6.2
2012	16.8	1.7	18.5	3.9	6.21	3.0
2013	17.4	1.6	19.0	2.7	6.69	7.7

Note: Numbers may not sum to totals shown because of rounding.

(a) Includes domestic and overseas visitor spending.

Source: D.K. Shifflet & Associates, Travel Market Insights, National Travel & Tourism Office, International Trade Association, Department of Commerce, as reported by Destination-DC, *Washington DC's 2013 Visitor Statistics*, www.washington.org, accessed September 2014.

*D.K. Shifflet & Associates, as reported by Destination D.C., www.washington.org.

**Longwoods International, Tourism Economics, as reported by Visit Baltimore, *Annual Report and Business Plan Fiscal Years 2013-2014*, www.baltimore.org, accessed September 2014.

As shown in Table 10, the Baltimore Convention Center hosted 126 conventions, events and shows and 429,840 convention delegates in 2013. According to DowntownDC,* the Walter E. Washington Convention Center in downtown Washington, D.C. hosted 208 conventions, events, and shows in 2013, with 1.1 million convention delegates. The convention facilities in the Airport service region include:

- The Baltimore Convention Center located in downtown Baltimore with 1.3 million square feet of meeting and convention space.

- The Washington Convention Center is located in downtown Washington, D.C. and has 2.3 million square feet of meeting and convention space.

- The Gaylord National Hotel & Convention Center, which opened in 2008. Located on the Potomac River in Prince George's County, Maryland, the Gaylord is the largest nongaming hotel and convention center on the East Coast, featuring over 2,000 guest rooms and 470,000 square feet of meeting and convention space.**

Table 10
CONVENTION AND BUSINESS TRAVEL

	Baltimore		Washington, D.C. *(a)*	
Year	Number of conventions	Number of convention delegates	Number of conventions	Number of convention delegates
2005	182	544,168	170	1,153,000
2006	201	544,682	110	919,000
2007	143	481,880	171	1,087,000
2008	151	519,104	178	1,123,000
2009	125	381,506	235	1,100,000
2010	129	389,299	208	980,000
2011	145	447,842	215	999,000
2012	133	406,079	206	1,112,000
2013	126	429,840	217	1,070,000

Note: Data are for the Baltimore Convention Center and the Walter E. Washington Convention Center in downtown Washington, D.C. only.

Source: Baltimore Conventions Center as reported by the Sage Policy Group, *Baltimore Tourism Barometer*, www.sagepolicy.com, accessed September 2014 and DowntownDC Business Improvement District, *State of Downtown*, annual reports for years noted, www.DowntownDC.org, accessed September 2014.

*The DowntownDC Business Improvement District (BID) is a private non-profit organization that provides capital improvements, resources and research to help diversify the economy and enhance the Downtown urban environment.

**Gaylord Hotels, www.gaylordhotels.com, accessed September 2014.

Economic Outlook

The economic outlook for the United States, the State of Maryland, and the Airport service region forms a basis for anticipated growth in airline traffic at the Airport. Economic activity in the Airport service region and the State is directly linked to the production of goods and services in the world and the rest of the United States. Both airline travel and the movement of cargo through the Airport depend on the economic linkages between and among the regional, State, national, and global economies. The economic and other assumptions underlying the forecasts of enplaned passengers are based on a review of global, national, State, and regional economic outlooks as well as an analysis of historical socioeconomic trends and airline traffic trends, as presented in the section titled "Historical Airline Traffic."

Global Economy. Globalization of the world economy has linked national economies, with positive impacts on travel as well as trade. The Airport service region and the State have strong linkages to the global economy through a number of industry sectors and the three world regions currently served from the Airport. The growth in airline travel is directly related to the economic growth of these world regions, in terms of gross domestic product (GDP). According to IHS Global Insight, world GDP, in 2005 dollars, is forecast to increase an average of 3.4% per year between 2013 and 2019, with the strongest growth forecast for Asia and the Pacific Region (an average increase of 4.8% per year).[***] Continued growth in the economies of the world regions most closely aligned with the Airport service region economy and airline service at the Airport are expected to contribute to continued growth in passenger traffic at the Airport.

U.S. Economy. The U.S. economy has grown at a slow-to-moderate pace since the 2008-2009 economic recession. The Congressional Budget Office (CBO) forecasts stronger economic growth in 2014 than in 2013, with GDP increasing 3.1% compared with 2.1% in 2013. Thereafter, the CBO projects economic growth of 3.4% percent in 2015 and 2016 and 2.7% in 2017, before settling into a longer-term 2.2% rate of growth through 2019.

Maryland Economy. In July 2014, the Maryland Department of Planning completed county-level projections of demographic and economic variables through 2040. Slow but continued economic growth is forecast for the State of Maryland between 2013 and 2019, including:

- Population growth of 0.8% per year
- Nonagricultural employment growth of 0.6% per year
- Per capita income growth, in constant dollars, of 1.6% per year

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[*] Federal Aviation Administration, *FAA Aerospace Forecast, Fiscal Years 2014-2034*, www.faa.gov, March 2014. IHS Global Insight is a global economics company that prepares the underlying economic forecasts used for the FAA's annual national aviation forecasts.

Baltimore MSA Economy

Among the State's labor centers, the Baltimore region is viewed as a key to Maryland's economic growth and is expected to lead Maryland through 2019. According to the Maryland Department of Planning, slow but continued economic growth is forecast for the Baltimore MSA between 2013 and 2019, including:

- Population growth of 0.6% per year
- Nonagricultural employment growth of 0.5% per year
- Per capita income growth, in constant dollars, of 1.7% per year

A favorable long-term economic outlook for the Baltimore MSA is supported by its growing population, well-educated work force, high per capita income, diverse local economy, popularity as a domestic and international tourist destination.

Washington, D.C. MSA Economy

In September 2014, the Center for Regional Analysis at George Mason University updated its 5-year forecasts of employment and gross regional product for the Washington, D.C. MSA.* As a result of federal spending reductions, the Center forecasts slow growth in 2014 and 2015 followed by rates consistent with historical growth.

- Nonagricultural employment growth of 1.7% per year between 2013 and 2018
- Gross regional product growth consistent with the national average

Economic Basis for Airline Traffic Forecasts. The economic outlook for the United States, the State of Maryland, and the Airport service region form a basis for anticipated growth in aviation demand at the Airport. Employment and income projections for the Baltimore and Washington, D.C. MSAs, and the State of Maryland are for continued economic growth, particularly in health, education, leisure and hospitality services. Factors expected to contribute to economic growth in the Airport service region and associated increases in airline travel include: (1) the diversity in the economic base, which lessens its vulnerability to weaknesses in particular industry sectors, (2) growth in the existing and emerging industry sectors described earlier, (3) an educated labor force able to support the development of knowledge-based and service industries, and (4) continued reinvestment to support the development of tourism, conventions, and other businesses. This outlook is reflected in the airline traffic forecasts presented in a later section, "Airline Traffic Forecasts."

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*Center for Regional Analysis School of Public Policy George Mason University, *The U.S. and Washington Area Economic Performance and Outlook*, September 26, 2014.

AIRPORT ROLE

Baltimore/Washington International Thurgood Marshall Airport has an important role in the national, State, and local air transportation systems and is the 22nd busiest airport in the United States, in terms of total passengers (enplaned plus deplaned), as shown in Table 11. The importance of the Airport is reflected in its large origin and destination (O&D) passenger base and its role as the third busiest airport in Southwest's system, the primary commercial service airport in Maryland, and one of three large-hub airports serving the Baltimore-Washington metropolitan area. The five largest U.S. passenger airlines all serve the Airport, providing service to destinations throughout the United States. Scheduled international service is provided by U.S. and foreign flag airlines to Canada, Europe, the Caribbean, and Latin America.

Airport's Role as an Origin-Destination Airport

The Airport's large O&D passenger base is related to the strength of the Airport service region's economy and supports the continued service development by Southwest and other airlines at the Airport. The flights of 8.2 million passengers originated in Baltimore in FY 2013 (i.e., these originating passengers did not connect with another flight at the Airport).

Table 12 presents data for the busiest U.S. airports on the numbers of originating passengers, i.e., passengers who began their air journeys at each airport rather than connected between flights. According to U.S. Department of Transportation data, in calendar year 2013, the Airport ranked 21st in the nation in originating passengers.

In common with many major U.S. airports, originating passenger numbers at the Airport decreased between 2008 and 2013 as a result of the 2008-2009 economic recession and financial credit crisis. Between 2008 and 2013, originating passenger numbers at half of the nation's 30 busiest airports decreased as the economic recession depressed travel demand and airlines reduced service.

Table 11
PASSENGERS AT BUSIEST U.S. AIRPORTS

Rank 2013	City (Airport)	Total passengers (millions) *(a)* 2000	2008	2013	Compound annual percent increase (decrease) 2008-2013
1	Atlanta	80.2	90.0	94.4	1.0%
2	Chicago (O'Hare)	72.1	69.4	66.8	(0.8)
3	Los Angeles	66.4	59.5	66.7	2.3
4	Dallas/Fort Worth	60.7	57.1	60.5	1.2
5	Denver	38.8	51.2	52.6	0.5
6	New York (Kennedy)	32.9	47.8	50.4	1.1
10	San Francisco	31.5	37.2	44.9	3.9
9	Charlotte	23.6	34.7	43.5	4.6
8	Las Vegas	36.9	43.2	40.9	(1.1)
7	Miami	30.1	34.1	40.6	3.5
11	Phoenix	36.0	39.9	40.3	0.2
12	Houston (Bush)	35.3	41.7	39.8	(0.9)
13	Newark	29.2	35.4	35.0	(0.2)
15	Seattle-Tacoma	28.4	32.2	34.8	1.6
16	Orlando (International)	26.7	35.7	34.8	(0.5)
14	Minneapolis-Saint Paul	32.6	34.1	33.9	(0.1)
17	Detroit	32.5	35.1	32.4	(1.6)
18	Philadelphia	24.9	31.8	30.5	(0.8)
19	Boston	27.4	26.1	30.2	3.0
20	New York (LaGuardia)	25.4	23.1	26.7	3.0
21	Fort Lauderdale	15.9	22.6	23.6	0.8
22	**Baltimore**	**19.6**	**20.9**	**22.5**	**1.5**
23	Washington (Dulles)	20.0	23.7	21.8	(1.7)
24	Washington (Regan)	20.0	18.0	20.4	2.5
26	Chicago (Midway)	15.7	17.3	20.4	3.3
27	Salt Lake City	19.9	20.8	20.2	(0.6)
25	Honolulu	23.0	18.8	19.8	1.0
28	San Diego	15.8	18.1	17.7	(0.4)
29	Tampa	16.0	18.3	16.9	(1.6)
30	Portland, Oregon	13.8	14.3	15.0	1.0
	Average for airports listed	31.7	35.1	36.6	0.9%

Notes: Airports shown are top 30 U.S. airports, as ranked by numbers of total passengers in 2013. Calculated percentages may not match those shown because of rounding.

(a) Enplaned and deplaned passengers (transit passengers counted once).

Source: Airports Council International, Worldwide Traffic Report, for years noted.

Table 12

BUSIEST U.S. AIRPORTS IN TERMS OF ORIGINATING PASSENGERS

Rank 2013	City (Airport)	Total passengers (millions) *(a)* 2000	2008	2013	Compound annual percent increase (decrease) 2008-2013
1	Los Angeles (International)	22.9	22.4	24.6	1.9%
2	New York (Kennedy)	12.5	18.4	19.8	1.5
3	San Francisco	14.3	13.6	16.8	4.3
4	Las Vegas	13.9	17.2	16.7	(0.6)
5	Orlando (International)	13.5	16.4	16.1	(0.3)
6	Chicago (O'Hare)	15.3	15.9	15.8	(0.1)
10	Atlanta	15.9	14.9	14.6	(0.4)
9	Denver	9.3	12.6	14.0	2.1
8	Boston	11.8	12.2	13.9	2.6
7	Seattle-Tacoma	10.1	11.8	13.0	1.9
11	New York (LaGuardia)	11.0	10.5	12.0	2.8
12	Newark	13.1	13.4	12.0	(2.2)
13	Dallas/Fort Worth	11.3	10.9	11.4	0.8
15	Miami	9.5	8.9	10.9	4.2
16	Phoenix (Sky Harbor)	10.5	11.2	10.6	(1.0)
14	Fort Lauderdale-Hollywood	7.4	10.1	10.5	0.7
17	Minneapolis-Saint Paul	8.0	8.2	9.1	2.0
18	San Diego	7.4	8.6	8.4	(0.5)
19	Detroit	8.3	8.7	8.3	(0.9)
20	Houston (Bush)	6.5	9.2	8.0	(2.8)
21	**Baltimore/Washington**	**7.7**	**8.3**	**7.9**	**(0.9)**
22	Tampa	7.1	8.3	7.8	(1.3)
23	Washington (Reagan)	6.1	6.9	7.8	2.4
24	Honolulu	8.3	7.3	7.6	0.9
26	Philadelphia	6.7	8.6	7.6	(2.4)
27	Portland, Oregon	5.5	6.0	6.3	0.9
25	Chicago (Midway)	5.7	5.6	6.1	1.7
28	Washington (Dulles)	4.7	6.5	6.0	(1.6)
29	Salt Lake City	4.1	5.5	5.4	(0.2)
30	St. Louis	5.5	5.3	5.1	(0.9)
	Average for airports listed	9.8	10.8	11.1	0.6

Notes: Airports shown are the 30 busiest U.S. airports, ranked by originating passengers in 2013. Calculated percentages may not match those shown because of rounding.

Source: LeighFisher analysis of U.S. Department of Transportation *Origin-Destination Survey of Passenger Traffic, Domestic and International*, Databank 1B and T100 databases, accessed September 2014.

Airport's Role as the Third Busiest Airport in Southwest Airlines' System

In FY 2014, the Airport accounted for 5.8% of the total scheduled departing seats in Southwest Airlines' system (including its AirTran Airways subsidiary), making it the third busiest airport in Southwest's system, as shown in Table 13. Since FY 2009, Southwest has realigned its system network, reallocating seats between airports and markets. At the Airport, Southwest's scheduled departing seats decreased an average of 0.3% per year between FY 2009 and FY 2014, compared with an average decrease of 0.7% per year for Southwest's system. Since FY 2012, Southwest's average daily service from the Airport to its 20 busiest markets has remained unchanged for 10 of the markets, increased in 2, and decreased in 8, as shown in Table 14. In October 2014, Southwest accounts for 72.3% of total seats at the Airport, less than its share at Chicago Midway (92.3%) but more than its share at Las Vegas (43.1%), as shown in Table 15.

On September 27, 2010, Southwest Airlines announced plans to acquire AirTran Airways for $1.4 billion. In May 2011, the merger was completed and on March 1, 2012, Southwest received approval from the FAA for a Single Operating Certificate. By the end of 2014, Southwest expects that the full integration of Southwest's and AirTran's networks, fleets, systems, and employees.*

Airport's Role in Maryland and the Baltimore-Washington Region

The Airport is the primary commercial service airport in Maryland and accounted for 99% of the passengers enplaned in the state in calendar year 2013. As one of three large hub airports serving the Baltimore-Washington metropolitan area, the Airport accounted for 34.8% of enplaned passengers in FY 2014, as discussed in the section "Historical Passenger Airline Traffic."

Competing hub airports located near the Airport include Washington Dulles International and Ronald Reagan Washington National airports. Air service at these and other airports is discussed further in the section "Competing Airports." As shown in Table 15, the Airport was the second busiest in the region, with 2.1% more scheduled seats than Washington Dulles and 0.7% less than Reagan Washington National in October 2014.

*Southwest Airlines Co., Form 10Q, July 30, 2014, www.southwest.com, accessed September 2014.

Table 13

SCHEDULED SERVICE AT SOUTHWEST AIRLINES' 10 BUSIEST AIRPORTS

Rank FY 2014	City (Airport)	Scheduled departing seats (millions) FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Compound annual percent increase (decrease) FY 2009-FY 2014
1	Chicago (Midway)	10.9	11.3	11.6	11.9	10.7	12.4	3.1%
2	Las Vegas (McCarran)	10.9	10.8	11.2	11.0	10.9	11.1	0.4
3	**Baltimore/Washington**	**10.6**	**10.8**	**10.0**	**10.8**	**10.0**	**10.5**	**(0.3)**
4	Atlanta	8.8	8.8	10.4	8.5	9.3	7.4	(4.2)
5	Phoenix (Sky Harbor)	8.7	8.6	9.9	8.4	8.4	8.3	(1.1)
6	Orlando	7.6	7.3	7.0	6.5	7.5	6.0	(5.7)
7	Houston (Hobby)	6.3	6.5	6.7	7.0	6.3	7.6	4.6
8	Denver	7.0	7.7	1.8	8.3	5.8	8.4	4.6
9	Dallas (Love Field)	5.8	5.8	5.5	5.7	5.9	5.8	0.1
10	Los Angeles (International)	5.7	5.5	5.9	5.5	5.7	5.5	(0.7)
	Airports listed	82.3	83.1	80.1	83.6	80.4	82.9	0.2%
	Other airports	105.6	104.1	105.3	101.5	103.3	99.4	(1.5)
	Total	187.9	187.2	185.5	185.1	183.8	182.3	(0.7%)

Note For fiscal years ended June 30.
Includes activity for AirTran Airways.
Since the 2012 bonds were issued, OAG Aviation Worldwide Ltd, the provider of published flight schedule information used in this report has made enhancements to its database, which has resulted in revised data for prior years. As a result, historical published flight schedules data appearing in this report may differ from data shown in the disclosure documentation related to BWI's 2012 Bonds.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed September 2014.

Table 14

SOUTHWEST AIRLINES' SCHEDULED SERVICE

Baltimore/Washington International Thurgood Marshall Airport

City (Airport)	Average daily departures *(a)* 2012	2013	2014	Average daily seats *(a)* 2012	2013	2014	Increase (decrease) 2012 – 2014 Departures	Seats
Boston	10	10	8	1,273	1,306	1,225	(1)	(48)
Providence	9	9	9	1,239	1,231	1,280	--	41
Fort Lauderdale	9	10	10	1,116	1,268	1,360	1	244
Orlando	10	8	7	1,371	1,071	1,013	(3)	(358)
Manchester	8	8	8	1,131	1,128	1,147	--	16
Atlanta	10	8	8	1,326	991	1,018	(2)	(309)
Hartford	8	8	7	1,048	1,074	1,000	(1)	(48)
Chicago (Midway)	7	7	7	938	1,000	990	--	52
Buffalo	7	7	6	955	931	811	(1)	(144)
Tampa	7	7	6	935	901	837	(1)	(98)
Raleigh/Durham	6	6	6	829	806	891	--	62
Nashville	6	6	6	807	829	811	--	4
Albany	6	6	6	799	798	835	--	36
Islip	5	5	5	680	678	749	--	70
St. Louis	5	5	4	676	661	589	(1)	(87)
Columbus	5	4	5	644	636	646	--	2
Las Vegas	3	4	4	487	625	630	1	142
Cleveland	4	4	4	532	554	549	--	17
Louisville	4	4	4	533	530	529	--	(4)
Pittsburgh	4	4	3	558	568	429	(1)	(129)
Airports listed	130	126	119	17,876	17,587	17,337	(11)	(539)
Other airports	89	79	73	12,060	11,168	10,617	(16)	(1,443)
Total	219	205	192	29,936	28,756	27,954	(27)	(1,983)

Notes: Totals may not add due to rounding.
The number of average daily nonstop scheduled departures is calculated by dividing total monthly departures by 30 days.
Includes activity for AirTran Airways.
Since the 2012 bonds were issued, OAG Aviation Worldwide Ltd, the provider of published flight schedule information used in this report has made enhancements to its database, which has resulted in revised data for prior years. As a result, historical published flight schedules data appearing in this report may differ from data shown in the disclosure documentation related to BWI's 2012 Bonds.

(a) Data are for October of each year.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed September 2014.

Table 15

AIRLINE SERVICE AT SELECTED AIRPORTS

October 2014

City (Airport)	Average daily scheduled seats: Domestic	International	Total	Busiest airline	Seats	Share
Atlanta	140,656	16,508	157,164	Delta	125,947	80.1%
Chicago (O'Hare)	102,936	20,873	123,809	United	56,256	45.4
Los Angeles (International)	84,137	31,645	115,782	United	19,402	16.8
Dallas/Fort Worth	91,793	12,702	104,496	American	85,022	81.4
New York (Kennedy)	40,479	49,996	90,475	Delta	22,484	24.9
Denver	83,631	3,137	86,769	United	35,586	41.0
San Francisco	61,663	16,642	78,305	United	35,677	45.6
Charlotte	68,677	3,884	72,561	US Airways	64,639	89.1
Las Vegas	65,722	5,784	71,505	**Southwest**	**30,836**	**43.1**
Phoenix (Sky Harbor)	65,028	3,381	68,409	US Airways	33,256	48.6
Houston (Bush)	52,386	15,944	68,330	United	53,916	78.9
Seattle-Tacoma	53,269	6,595	59,863	Alaska	30,232	50.5
Newark	38,901	19,317	58,218	United	38,397	66.0
Miami	26,673	31,225	57,899	American	37,413	64.6
Minneapolis-Saint Paul	52,849	3,289	56,138	Delta	40,756	72.6
Boston	45,330	8,756	54,086	JetBlue	13,190	24.4
Detroit	47,908	5,354	53,262	Delta	41,137	77.2
Philadelphia	44,587	7,016	51,604	US Airways	37,787	73.2
New York (LaGuardia)	47,595	3,747	51,342	Delta	20,467	39.9
Orlando	42,977	7,896	50,873	**Southwest**	**13,280**	**26.1**
Washington (Reagan)	38,095	860	38,955	US Airways	15,230	39.1
Chicago (Midway)	37,890	978	38,868	**Southwest**	**35,880**	**92.3**
Baltimore/Washington	**37,478**	**1,202**	**38,679**	**Southwest**	**27,954**	**72.3**
Washington (Dulles)	25,194	12,673	37,867	United	22,969	60.7
Fort Lauderdale-Hollywood	26,623	7,582	34,205	JetBlue	7,678	22.4
Salt Lake City	33,369	557	33,925	Delta	23,760	70.0
San Diego	31,015	1,178	32,193	**Southwest**	**13,412**	**41.7**
Honolulu	22,619	8,433	31,052	Hawaiian	15,247	49.1
Portland, Oregon	25,070	846	25,916	Alaska	11,013	42.5
Tampa	24,431	1,162	25,593	**Southwest**	**8,763**	**34.2**
St. Louis	22,774	180	22,955	**Southwest**	**12,160**	**53.0**
Houston (Hobby)	21,661	-	21,661	**Southwest**	**20,102**	**92.8**
Nashville	19,727	119	19,846	**Southwest**	**11,112**	**56.0**
Oakland	18,745	353	19,098	**Southwest**	**13,984**	**73.2**
Austin	18,394	248	18,641	**Southwest**	**7,150**	**38.4**

Note: Airports shown are the 35 busiest U.S. airports, as ranked by total scheduled seats in October 2014.
Rows may not add to totals shown because of rounding.
Data include regional airline affiliates and reflect the consolidated activity of Southwest and AirTran.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed September 2014.

COMPETING AIRPORTS

The effective boundary of the region served by the Airport is defined by the availability of airline service at surrounding airports. The extent to which the Airport is successful in competing with these other airports for passengers depends, among other factors, on air service frequency and airline fares at the airports and surface travel times to and from the airports.

As shown in Table 16, Washington Dulles International (Washington Dulles) and Ronald Regan Washington National (Washington National) airports offer levels of domestic airline service comparable to those at the Airport and are its primary competing airports. In October 2014, in terms of total scheduled seats, the Airport was the second busiest of the three Baltimore-Washington airports and the third busiest in terms of departures. The Airport accounted for 25% or more of scheduled departing seats at Baltimore-Washington airports in 18 of its top 20 domestic O&D markets and more than 50% of seats in 3 of its top 20 markets—Las Vegas, Manchester, and Providence.

Table 17 presents average one-way domestic airfares during the first 3 quarters of FY 2014 (July 2013 through March 2014) for the three Baltimore-Washington airports. In FY 2014, average domestic airfares at Washington National and Washington Dulles were 49.0% and 20.6% higher, respectively, than at the Airport. The Airport offered lower airfares in 18 of its top 20 domestic O&D markets in FY 2014. For the two markets where airfares at the Airport were higher—Chicago and Denver, the difference was less than $15 each way.

Table 16

AIRLINE SERVICE AT BALTIMORE-WASHINGTON AIRPORTS

	Average daily scheduled departures in October 2014				Average daily scheduled seats in October 2014			
Baltimore origin-destination market	Baltimore/Washington International Thurgood Marshall	Washington National	Washington Dulles	Baltimore-Washington region	Baltimore/Washington International Thurgood Marshall	Washington National	Washington Dulles	Baltimore-Washington region
Domestic service								
Miami *(a)*	13	14	3	30	1,891	1,902	387	4,181
Boston	14	24	7	45	1,748	2,769	846	5,363
Orlando	7	10	5	22	1,013	1,214	823	3,050
Atlanta	18	19	11	49	2,668	2,957	1,202	6,826
Las Vegas	5	1	3	8	808	147	438	1,392
Chicago *(b)*	17	31	13	61	2,008	3,955	1,801	7,764
Tampa	6	9	3	18	837	1,095	534	2,466
Dallas/Ft. Worth *(c)*	8	14	7	28	1,105	2,020	792	3,916
Los Angeles *(d)*	3	3	12	18	445	459	1,920	2,824
Detroit	7	6	8	22	1,094	901	531	2,526
San Francisco *(e)*	2	2	12	16	291	300	1,895	2,486
Houston *(f)*	6	9	5	20	803	1,210	643	2,656
Denver	5	4	9	18	758	621	1,500	2,879
Charlotte	11	10	11	31	1,600	1,085	901	3,586
Phoenix	4	3	1	8	629	521	154	1,304
Providence	9	5	3	17	1,280	356	174	1,810
Nashville	6	8	3	17	811	736	158	1,705
Manchester	8	3	-	10	1,147	178	-	1,325
San Diego	2	-	3	5	344	-	442	786
St. Louis	4	7	4	15	589	620	266	1,475
Airports listed	153	182	123	458	21,870	23,045	15,406	60,321
Other airports	118	203	172	493	15,607	15,050	9,788	40,446
Subtotal-domestic	271	384	296	951	37,478	38,095	25,194	100,767
International service	11	12	63	86	1,202	860	12,673	14,734
Total	282	397	359	1,037	38,679	38,955	37,867	115,501

Note: Totals may not add due to rounding.
The number of average daily nonstop scheduled departures is calculated by dividing total monthly departures by 30 days.

(a) Fort Lauderdale-Hollywood and Miami international airports.
(b) Chicago O'Hare and Midway international airports.
(c) Dallas/Fort Worth International Airport and Love Field.
(d) Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.
(e) San Francisco, Oakland, and Mineta San Jose international airports.
(f) George Bush Intercontinental and William P. Hobby airports.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed September 2014.

Table 17

AVERAGE ONE-WAY DOMESTIC AIRFARES

First 3 quarters of FY 2014 (July 2013 – March 2014)

Baltimore origin-destination market	Baltimore/ Washington International Thurgood Marshall	Washington National	Washington Dulles	Percent difference from BWI airfares: Washington National	Percent difference from BWI airfares: Washington Dulles
Miami *(a)*	$120	$167	$172	38.9%	43.2%
Boston	105	147	141	39.9	33.4
Orlando	141	145	188	2.4	33.3
Atlanta	156	187	211	19.9	35.4
Las Vegas	162	260	327	60.4	102.1
Chicago *(b)*	195	190	182	(2.7)	(6.7)
Tampa	142	155	167	9.2	17.8
Dallas/Ft. Worth *(c)*	180	269	274	49.7	52.2
Los Angeles *(d)*	247	264	275	6.7	11.3
Detroit	139	227	227	63.6	63.4
San Francisco *(e)*	249	282	307	13.2	23.0
Houston *(f)*	221	260	307	17.4	38.9
Denver	225	220	272	(2.4)	21.0
Charlotte	140	236	277	68.7	98.1
Phoenix	235	310	289	32.0	23.0
Providence	114	159	200	40.1	76.5
Nashville	177	226	262	28.0	48.3
Manchester	111	146	136	31.1	22.4
San Diego	252	272	375	8.2	48.8
St. Louis	174	197	226	13.3	29.6
Airports listed	$165	$199	$254	20.8%	54.0%
Other airports	188	223	269	18.4	43.2
Total	$174	$210	$260	20.6%	49.0%

Note: For Fiscal Years ended June 30.

(a) Fort Lauderdale-Hollywood and Miami international airports.
(b) Chicago O'Hare and Midway international airports.
(c) Dallas/Fort Worth International Airport and Love Field.
(d) Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.
(e) San Francisco, Oakland, and Mineta San Jose international airports.
(f) George Bush Intercontinental and William P. Hobby airports.

Sources: U.S. Department of Transportation, *Origin Destination Survey of Airline Passenger Traffic, Domestic*, online database (Databank 1A), accessed September 2014.

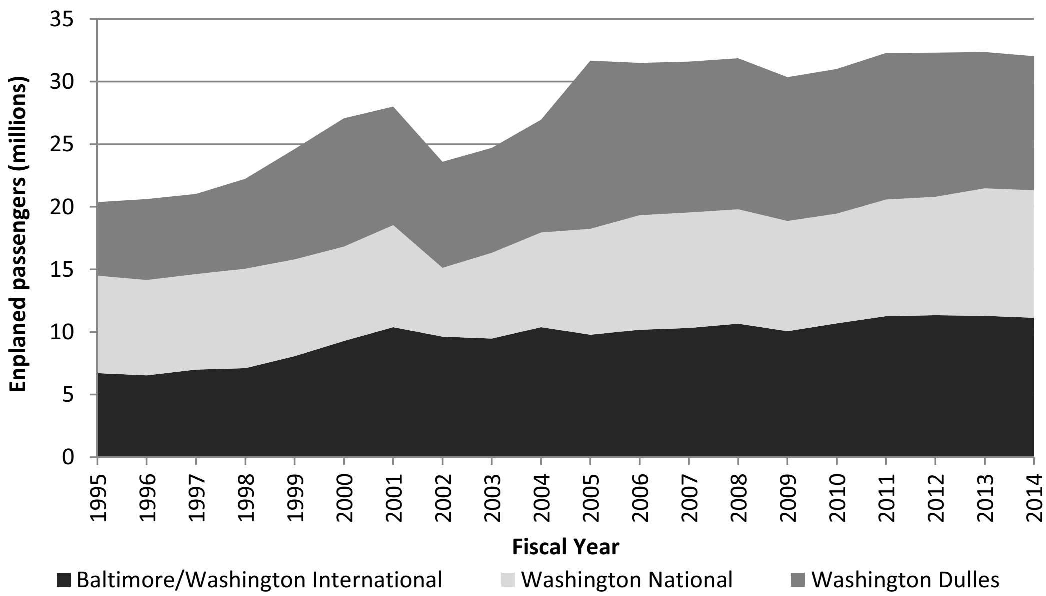
HISTORICAL PASSENGER AIRLINE TRAFFIC

A review of historical airline activity at the Airport provided the foundation for the enplaned passenger forecasts and included an analysis of: (1) trends at the Airport and the two other airports in the Airport service region, (2) trends in the mix of enplaned passengers by sector and type of service, and (3) originating and connecting passengers.

Enplaned Passengers

In FY 2014, a total of 32.0 million passengers were enplaned at the three airports in the Airport service region, as shown on Figure 5. From FY 1995 to FY 2014, the number of enplaned passengers in the Airport service region increased an average of 2.4% per year, compared with an average of 2.7% per year at the Airport during this period. In FY 2014, the Airport accounted for 34.8% of total enplaned passengers in the Airport service region.

Figure 5
AIRPORT SERVICE REGION HISTORICAL PASSENGER TRENDS



Note: For Fiscal Years ended June 30.

Sources: Baltimore/Washington International Thurgood Marshall Airport records; Metropolitan Washington Airports Authority records.

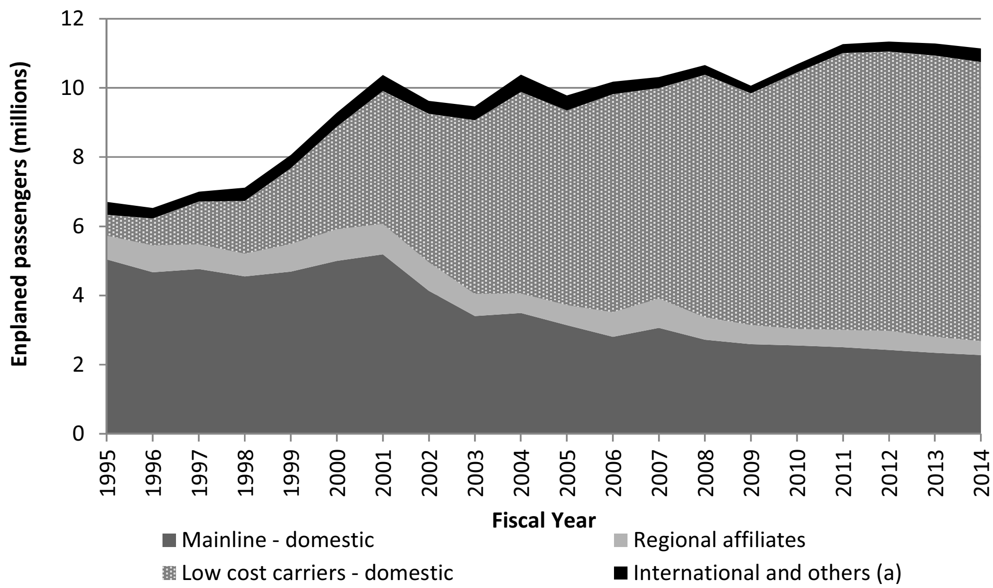
Historical trends in enplaned passengers at the Airport reflect changes in airline service and economic conditions. As shown in Table 18, the number of enplaned passengers increased an average of 7.5% per year between FY 1995 and FY 2001, driven largely by the increase in low cost carrier service (an average increase of 36.4% per year). In FY 2002 and FY 2003, air service reductions following the September 2001 attacks and passenger anxieties about the possibility of further attacks reduced air travel demand. Travel demand was also dampened by the national economic recession in 2000-2001. Between FY 2001 and FY 2005, passenger traffic at the Airport decreased an average of 1.5% per year, with mainline and regional affiliates accounting for the decrease. From FY 2005 to FY 2014, the number of enplaned passengers increased an average of 1.5% per year, including decreases in FY 2013 and FY 2014 of 0.5% and 1.3%, respectively. Slow growth since FY 2005 reflects the dampening effects of a number of factors on passenger demand at the Airport and nationwide, including the oil price spike in 2008, the national economic recession and financial crisis in 2008 and 2009, and overall systemwide reductions in the airline industry.

Since FY 1995, low cost carriers have accounted for an increasing share of enplaned passengers at the Airport, as shown on Figure 6. Low cost carrier domestic passenger numbers at the Airport increased an average of 14.7% per year between FY 1995 and FY 2014, compared with decreases in the numbers of mainline and regional affiliate domestic passengers—an average decrease of 4.1% and 2.9% per year, respectively.

Figure 6

HISTORICAL PASSENGER TRENDS

Baltimore/Washington International Thurgood Marshall Airport



Note: For Fiscal Years ended June 30.

(a) Includes international, charter, and other passengers. Includes estimate for AirTran international passengers in 2013 and 2014.

Source: Baltimore/Washington International Thurgood Marshall Airport records.

Table 18

HISTORICAL ENPLANED PASSENGERS

Baltimore/Washington International Thurgood Marshall

Fiscal year	Domestic: Mainline airlines	Domestic: Regional affiliates *(a)*	Domestic: Low cost carriers	Domestic: Total	International *(b)*: Mainline airlines	International *(b)*: Low cost carriers	International *(b)*: Total	Charter *(b)*	Other *(b)*	Total
1995	5,038,513	696,519	594,340	6,329,372	--	--	--	--	377,065	6,706,437
1996	4,671,142	780,033	774,262	6,225,437	--	--	--	--	301,824	6,527,261
1997	4,762,510	720,603	1,231,564	6,714,677	--	--	--	--	284,222	6,998,899
1998	4,552,184	655,915	1,525,629	6,733,728	--	--	--	--	380,558	7,114,286
1999	4,691,511	802,958	2,186,708	7,681,177	--	--	--	--	379,955	8,061,132
2000	4,998,382	921,037	2,956,723	8,876,142	--	--	--	--	406,769	9,282,911
2001	5,189,297	886,371	3,835,733	9,911,401	--	--	--	--	464,639	10,376,040
2002	4,136,474	834,453	4,277,954	9,248,881	213,381	--	213,381	163,458	--	9,625,720
2003	3,403,286	646,248	5,014,837	9,064,371	215,226	37,250	252,476	150,428	--	9,467,275
2004	3,493,372	563,541	5,828,095	9,885,008	248,397	81,175	329,572	166,438	--	10,381,018
2005	3,141,148	589,264	5,618,443	9,348,855	214,889	105,902	320,791	113,176	--	9,782,822
2006	2,804,870	713,482	6,301,530	9,819,882	204,611	86,980	291,591	69,523	--	10,180,996
2007	3,063,964	856,513	6,074,225	9,994,702	221,430	56,168	277,598	43,255	--	10,315,555
2008	2,719,338	649,088	7,007,862	10,376,288	167,158	57,400	224,558	61,350	--	10,662,196
2009	2,591,213	555,180	6,695,173	9,841,566	128,166	39,493	167,659	56,937	--	10,066,162
2010	2,555,863	481,474	7,411,432	10,448,769	108,869	67,211	176,080	60,398	--	10,685,247
2011	2,502,972	499,344	8,003,747	11,006,063	87,269	112,608	199,877	61,285	--	11,267,225
2012	2,425,460	556,964	8,063,853	11,046,277	87,535	144,654	232,189	60,328	--	11,340,264
2013	2,339,773	466,067	8,117,784	10,923,624	90,920	210,465	301,385	63,141	--	11,288,150
2014	2,278,366	398,686	8,036,916	10,713,968	91,760	262,455	354,215	71,400	--	11,139,583
	Compound average annual percent increase (decrease)									
1995-2001	0.5%	4.1%	36.4%	7.8%	--	--	--	--	3.5%	7.5%
2001-2005	(11.8)	(9.7)	10.0	(1.5)	--	--	--	--	--	(1.5)
2005-2014	(3.5)	(4.2)	4.1	1.5	(9.0)	10.6	1.1	(5.0)	--	1.5
1995-2014	(4.1)	(2.9)	14.7	2.8	--	--	--	--	--	2.7

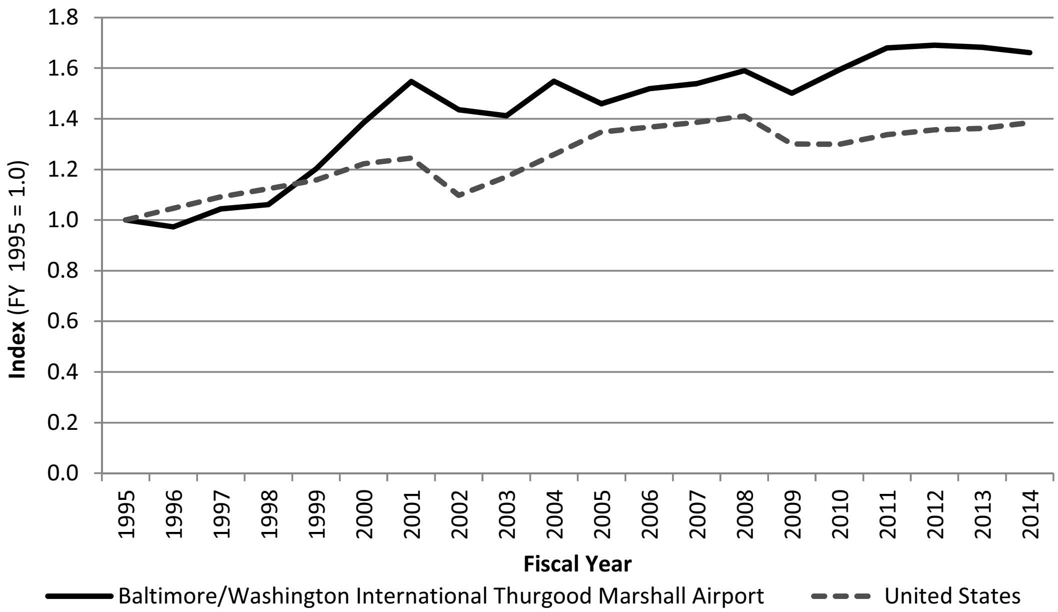
Note: For Fiscal Years ended June 30.
Low cost carriers include Allegiant Air, AirTran, Frontier, JetBlue, Southwest, Spirit, Sun Country, USA3000, and Virgin America, as defined by the Federal Aviation Administration.
Includes estimate for AirTran international data in 2013 and 2014.

(a) Includes activity for Cape Air which is not affiliated with a mainline airline.
(b) Data for international and charter passengers prior to 2002 are not available.

Source: Baltimore/Washington International Thurgood Marshall Airport records.

As shown on Figure 7, between FY 1999 and FY 2014, the Airport's rate of increase in enplaned passengers outpaced the national average. Between FY 1995 and FY 2014, enplaned passengers at the Airport increased an average of 2.7% per year, compared with 1.7% for the nation as a whole.

Figure 7
COMPARATIVE PASSENGER TRENDS



Note: For Fiscal Years ended June 30.
Fiscal Year 2014 international data for the United States was estimated based on 9 months of data.

Source: Baltimore/Washington International Thurgood Marshall Airport records; U.S. Department of Transportation, Schedule T100 online databases, accessed September 2014.

Originating and Connecting Passengers

Table 19 shows the estimated distribution of enplaned passengers between those originating their air journeys at the Airport and those connecting between flights. Between FY 1999 and FY 2009, the number of connecting passengers increased an average of 6.8% per year, compared with an average increase of 1.4% per year in originating passengers during the same period. Since FY 2009, the number of connecting passengers has increased as Southwest Airlines expanded service and stimulated air travel demand. Between FY 2009 and FY 2013, the number of connecting passengers increased an average of 13.0% per year, compared with an average increase of 0.7% per year in originating passengers during the same period. During the first 3 quarters of FY 2014, an estimated 72.0% of all enplaned passengers were originating.

Table 19

ORIGINATING AND CONNECTING PASSENGERS

Baltimore/Washington International Thurgood Marshall Airport

Fiscal year	Enplaned passengers: Originating *(a)*	Enplaned passengers: Connecting *(b)*	Enplaned passengers: Total *(c)*	Percent of total: Originating	Percent of total: Connecting
1999	7,086,762	974,370	8,061,132	87.9%	12.1%
2000	7,890,991	1,391,920	9,282,911	85.0	15.0
2001	8,774,490	1,601,550	10,376,040	84.6	15.4
2002	8,152,630	1,473,090	9,625,720	84.7	15.3
2003	8,063,115	1,404,160	9,467,275	85.2	14.8
2004	8,807,698	1,573,320	10,381,018	84.8	15.2
2005	8,266,772	1,516,050	9,782,822	84.5	15.5
2006	8,413,616	1,767,380	10,180,996	82.6	17.4
2007	8,496,105	1,819,450	10,315,555	82.4	17.6
2008	8,649,586	2,012,610	10,662,196	81.1	18.9
2009	8,181,042	1,885,120	10,066,162	81.3	18.7
2010	8,390,837	2,294,410	10,685,247	78.5	21.5
2011	8,503,865	2,763,360	11,267,225	75.5	24.5
2012	8,388,564	2,951,700	11,340,264	74.0	26.0
2013	8,214,170	3,073,980	11,288,150	72.8	27.2
First 9 months					
2013	6,025,772	2,241,270	8,267,042	72.9%	27.1%
2014	5,835,920	2,273,730	8,109,650	72.0	28.0
	Compound average annual percent increase				
1999-2009	1.4%	6.8%	2.2%		
2009-2013	0.1	13.0	2.9		
1999-2013	1.1	8.6	2.4		

Note: For Fiscal Years ended June 30.

(a) Calculated by subtracting connecting passengers from total enplaned passengers. Includes domestic and international O&D passengers traveling on U.S. and foreign-flag airlines as well as any passengers making connections between two international flights and non-revenue passengers.

(b) U.S. Department of Transportation, *Origin Destination Survey of Airline Passenger Traffic, Domestic,* online database, accessed September 2014.

(c) Baltimore/Washington International Thurgood Marshall Airport records.

AIRLINE SERVICE AND MARKET SHARES

This section presents a review of airline service and market shares at the Airport including: (1) the airlines currently serving the Airport; (2) domestic and international airline service, in terms of average daily scheduled seats and departures, (3) domestic origin-destination demand patterns, and (4) airline market shares of enplaned passengers.

Airlines Serving the Airport

The Airport was served by 22 passenger airlines, including 5 mainline airlines, 11 regional affiliates (one of which is associated with more than one mainline airline), 4 low cost carriers, and 4 foreign-flag airlines, as of October 2014, as shown in Table 20.

Table 20
AIRLINES SERVING
BALTIMORE/WASHINGTON INTERNATIONAL THURGOOD MARSHALL AIRPORT
October 2014

Mainline airlines
Alaska Airlines
American Airlines *(a)*
Delta Airlines *(b)*
United Airlines *(c)*
US Airways *(a)*

Low cost carriers
Frontier Airlines *(d)*
JetBlue Airways
Southwest Airlines *(e)*
Spirit Airlines

Foreign-flag airlines
Air Canada *(f)*
Bahamasair *(g)*
British Airways
Condor Flugdienst *(d)*

Regional airlines (affiliations)
Air Wisconsin (US Airways)
Chautauqua Airlines (Delta, United)
CommutAir (United)
Endeavor Air (Delta)
Envoy Air (American)
ExpressJet Airlines (Delta, United)
GoJet Airlines (United)
Piedmont Southern Airways (US Airways)
PSA Airlines (US Airways)
Republic Airlines (American, United, US Airways)
Shuttle America (United)

(a) American and US Airways completed their merger on December 9, 2013 and are expected to receive a single operating certificate in early 2015.
(b) Delta completed its merger with Northwest on October 29, 2008.
(c) United completed its merger with Continental on October 1, 2010.
(d) Provides seasonal service.
(e) Southwest completed its merger with AirTran on May 2, 2011.
(f) Operated by Air Canada Jazz.
(g) Operated by Xtra Airways.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed September 2014.

Domestic Airline Service

Table 21 shows scheduled daily airline service at the Airport by airline, in terms of aircraft departures and seats. As of October 2014, the airlines serving the Airport provided nonstop scheduled flights from the Airport to 73 cities, including 65 domestic cities and 8 international cities. As of October 2014, 272 departures and 37,643 seats were scheduled daily from the Airport to domestic destinations, with 73% of the seats provided on the flights of Southwest Airlines.

Table 22 presents the top 20 domestic passenger origin and destination markets and the number of average daily scheduled nonstop departures from the Airport by domestic destination. Nonstop airline service was provided to each of the top 20 origin-destination markets in October 2014. Southwest provided nonstop service to all 20 markets; 13 of the 20 markets were also served by other airlines.

International Airline Service

As of October 2014, 10 average daily international departures and 1,040 daily international seats were scheduled at the Airport, as shown in Table 21. The majority of international seating capacity was on flights to the Caribbean and Latin America (69%, 6 destinations), followed by Europe (18%, 1 destination), and Canada (13%, 1 destination). International passenger service at the Airport, particularly transatlantic, Mexican, and Caribbean service, increases during the summer months. The number of international scheduled seats offered in July 2014 was approximately 36% greater than the number in October 2014.

On September 12, 2014, Southwest announced the addition of scheduled daily nonstop service from the Airport to San Jose, Costa Rica, scheduled to start March 7, 2015.* Costa Rica is a new international market for Southwest, the eighth international destination in its system.

*Southwest Airlines, "Southwest Airlines Announces New Service to San Jose, Costa Rica," September 12, 2014, press release, www.southwest.com.

Table 21

SCHEDULED AIRLINE SERVICE BY AIRLINE

Baltimore/Washington International Thurgood Marshall Airport

Airline	Average daily departures 2012	2013	2014	Average daily seats 2012	2013	2014	Cities served nonstop 2012	2013	2014
Domestic service									
Southwest *(a)*	213	200	187	29,190	28,048	27,314	54	52	53
American/US Airways									
US Airways mainline	13	13	13	1,941	1,980	1,879	3	3	3
US Airways affiliates	7	7	6	340	307	290	1	2	2
American mainline	8	8	7	1,101	1,107	959	2	2	2
American affiliates	6	6	6	287	289	357	2	2	2
Subtotal	33	33	31	3,669	3,682	3,485	7	7	7
Delta									
Mainline	21	22	19	3,228	3,370	3,046	4	4	4
Delta affiliates	10	8	8	537	421	398	4	4	6
Subtotal	31	30	27	3,764	3,791	3,444	7	7	7
United									
Mainline	10	11	9	1,503	1,615	1,335	8	6	5
United affiliates	10	9	4	510	522	263	3	3	3
Subtotal	20	20	13	2,013	2,137	1,598	9	8	6
Spirit	3	4	7	520	716	1,065	2	4	6
JetBlue	5	5	5	490	535	523	1	1	1
Alaska	--	--	1	--	--	166	--	--	1
Frontier	*(b)*	*(b)*	*(b)*	42	42	49	1	1	1
Other	9	--	--	81	--	--	2	--	--
Subtotal domestic	315	292	272	39,770	38,952	37,643	67	64	65
International service									
Southwest *(a)*	5	5	5	747	707	640	5	5	5
British Airways	1	1	1	252	194	189	1	1	1
Air Canada Jazz	4	4	4	166	134	134	1	1	1
Frontier	*(b)*	*(b)*	*(b)*	42	42	49	1	1	1
Bahamasair	--	--	*(b)*	--	--	29	--	--	1
Other	*(b)*	*(b)*	--	20	102	--	1	1	--
Subtotal international	11	10	10	1,227	1,178	1,040	9	8	8
Total	326	303	282	40,996	40,130	38,683	76	72	73

Note: Totals may not add due to rounding.
Data are for October of each year.
The number of average daily nonstop departures and seats is calculated by dividing total monthly departures and seats by 30 days.
The number of cities served nonstop is not additive because some cities are served by more than one airline.

(a) Includes AirTran.

(b) Less than one daily flight, on average.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed September 2014.

Table 22
DOMESTIC ORIGIN-DESTINATION PATTERNS
Baltimore/Washington International Thurgood Marshall Airport

Origin-destination market	Air miles from the Airport	Percent of originating passengers *(a)*	Average daily nonstop scheduled departures on domestic flights in October 2014		
			Southwest	Other airlines	All airlines
Miami *(b)*	948	6.9%	10	4	13
Boston	368	5.0	8	5	14
Orlando	788	4.8	7	--	7
Atlanta	577	4.6	8	10	18
Las Vegas	2,100	4.1	4	1	5
Chicago *(c)*	604	3.4	7	11	17
Tampa	843	3.3	6	--	6
Dallas/Ft. Worth *(d)*	1,210	3.3	2	6	8
Los Angeles *(e)*	2,320	3.1	2	1	3
Detroit	408	2.4	3	5	7
San Francisco *(f)*	2,450	2.3	1	1	2
Houston *(g)*	1,240	2.2	3	3	6
Denver	1,490	2.2	3	2	5
Charlotte	361	2.0	2	9	11
Phoenix	1,990	2.0	2	2	4
Providence	326	1.9	9	--	9
Nashville	586	1.9	6	--	6
Manchester	376	1.7	8	--	8
San Diego	2,290	1.6	2	--	2
St. Louis	738	1.5	4	--	4
Airports listed		60.1%	94	58	153
Other airports		39.9	93	26	119
Total		100.0%	187	85	272

Note: The number of average daily nonstop scheduled departures is calculated by dividing total monthly departures by 30 days.

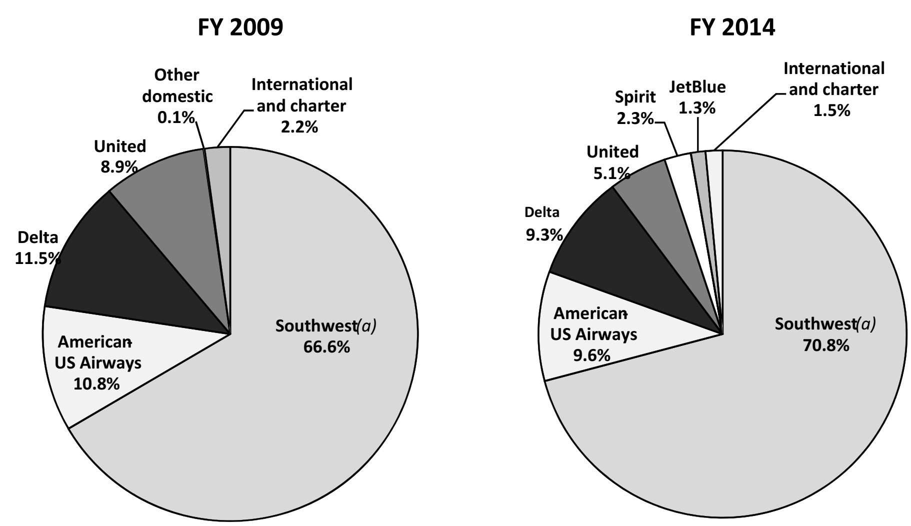
(a) Data are for the first 3 quarters of FY 2014 (July 2013 through March 2014).
(b) Fort Lauderdale-Hollywood and Miami international airports.
(c) Chicago O'Hare and Midway international airports.
(d) Dallas/Fort Worth International Airport and Dallas Love Field.
(e) Los Angeles International, Bob Hope, Ontario International, John Wayne (Orange County), and Long Beach airports.
(f) San Francisco, Oakland, and Mineta San Jose international airports.
(g) George Bush Intercontinental and William P. Hobby airports.

Sources: U.S. Department of Transportation, *Origin Destination Survey of Airline Passenger Traffic, Domestic*, online database (Databank 1A) and OAG Aviation Worldwide Ltd, OAG Analyser database, accessed September 2014.

Airline Shares of Passengers

As shown on Figure 8, Southwest Airlines accounted for 70.8% of total enplaned passengers in FY 2014, compared with 66.6% in FY 2009. American and US Airways together accounted for the second largest share of enplaned passengers In FY 2014, with 9.6%, followed by Delta with 9.3%, and United with 5.1%. Table 23 presents historical enplaned passengers by airline at the Airport in FY 2009 through FY 2014.

Figure 8
ENPLANED PASSENGER MARKET SHARES



Note: For Fiscal Years ended June 30.

(a) Includes domestic and international passengers. International passengers for AirTran in 2014 represent an estimate.

Source: Baltimore/Washington International Thurgood Marshall airport records.

Table 23

AIRLINE SHARES OF ENPLANED PASSENGERS

Baltimore/Washington International Thurgood Marshall Airport

Airline	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Domestic scheduled						
Southwest *(a)*	6,695,173	7,324,647	7,886,523	7,937,057	7,829,606	7,634,857
American and US Airways						
US Airways	654,323	633,726	684,328	710,196	653,315	643,117
American	435,495	444,585	467,537	457,478	428,166	429,879
Subtotal	1,089,818	1,078,311	1,151,865	1,167,674	1,081,481	1,072,996
Delta	1,152,812	1,080,048	1,039,548	1,096,045	1,078,935	1,033,396
United	893,731	870,717	801,819	709,153	642,571	570,660
Spirit	--	--	--	--	150,056	258,626
JetBlue	--	86,785	117,224	126,796	138,122	143,433
Cape Air	10,032	8,261	9,084	9,552	2,853	--
Subtotal	9,841,566	10,448,769	11,006,063	11,046,277	10,923,624	10,713,968
International scheduled						
Southwest *(a)*	4,692	54,099	106,411	142,442	208,757	260,284
British Airways	53,147	48,703	54,256	53,813	54,351	55,762
Air Canada Jazz	29,124	26,979	33,013	29,619	29,185	29,660
Other *(b)*	80,696	46,299	6,197	7,785	9,092	8,509
Subtotal	167,659	176,080	199,877	232,189	301,385	354,215
Charter airlines	56,937	60,398	61,285	61,798	63,141	71,400
Total	10,066,162	10,685,247	11,267,225	11,340,264	11,288,150	11,139,583
	Percent of total					
Domestic scheduled						
Southwest *(a)*	66.5%	68.5%	70.0%	70.0%	69.4%	68.5 %
American and US Airways						
US Airways	6.5%	5.9%	6.1%	6.3%	5.7%	5.7%
American	4.3	4.2	4.2	4.0	3.7%	3.8
Subtotal	10.8%	10.1%	10.2%	10.3%	9.4%	9.6%
Delta	11.5	10.1	9.2	9.7	9.4	9.3
United	8.9	8.1	7.1	6.2	5.6	5.1
Spirit	--	--	--	--	1.3	2.3
JetBlue	0.0	0.8	1.0	1.1	1.2	1.3
Cape Air	0.1	0.1	0.1	0.1	0.0	--
Subtotal domestic	97.8%	97.8%	97.7%	97.4%	96.8%	96.2%
International scheduled						
Southwest *(a)*	0.0%	0.5%	0.9%	1.3%	1.8%	2.3%
British Airways	0.5	0.5	0.5	0.5	0.5	0.5
Air Canada Jazz	0.3	0.3	0.3	0.3	0.3	0.3
Other *(b)*	0.8	0.4	0.1	0.1	0.1	0.1
Subtotal international	1.7%	1.6%	1.8%	2.1%	2.7%	3.2%
Charter airlines	0.6%	0.6%	0.5%	0.5%	0.5%	0.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: For fiscal years ended June 30.
Data include regional affiliates.

(a) Includes AirTran Airways.
(b) Includes Air Jamaica, Bahamasair, Condor, Frontier Airlines, USA 3000, and Vision Airlines.

Source: Baltimore/Washington International Thurgood Marshall Airport records.

KEY FACTORS AFFECTING FUTURE AIRLINE TRAVEL

In addition to the economy and demographics of the Airport Service Region and intra-airport competition, as discussed earlier, key factors that will affect future airline traffic at the Airport include:

- Economic and political conditions
- Financial health of the airline industry
- Airline service and routes
- Airline competition and airfares
- Airline consolidation and alliances
- Availability and price of aviation fuel
- Aviation safety and security concerns
- Capacity of the national air traffic control system
- Capacity of the Airport

Economic and Political Conditions

Historically, airline passenger traffic nationwide has correlated closely with changes in the U.S. economy and levels of real disposable income. Recession in the U.S. economy in 1990-1991, 2001, and 2008-2009 and associated high unemployment reduced discretionary income and contributed to reduced airline travel demand in those years.

With the globalization of business and the increased importance of international trade and tourism, the state of the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, and hostilities all influence passenger traffic at major U.S. airports. Sustained future increases in passenger traffic at the Airport will depend on stable international conditions as well as national and global economic growth.

Financial Health of the Airline Industry

The number of passengers using the Airport will depend partly on the profitability of the airline industry and the associated ability of the industry and individual airlines, particularly Southwest, to make the necessary investments to continue providing service.

As a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 terrorist attacks, increased fuel and other operating costs, and price competition, the industry experienced huge financial losses. In 2001 through 2005, the major U.S. passenger airlines collectively recorded net losses of nearly $60 billion.

To mitigate those losses, all of the major network airlines restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the possibility of such. Between 2002 and 2005, US Airways, United Airlines, Delta Air Lines, Northwest Airlines, Hawaiian Airlines, ATA Airlines, Aloha Airlines, and Independence Air filed for bankruptcy protection. Of the major network airlines, American Airlines and Continental Airlines were the only airlines not to file for bankruptcy during this period (although American did subsequently file in 2011).

In 2006 and 2007, the U.S. passenger airline industry as a whole was profitable, recording net income of approximately $23 billion, but beginning in mid-2008, as oil and aviation fuel prices increased to unprecedented levels, the industry experienced a profitability crisis. In 2008 and 2009, the U.S. passenger airline industry recorded net losses of approximately $27 billion. The industry responded by grounding older, less fuel-efficient aircraft; adopting fuel-saving operating practices; hedging fuel purchases and prices; reducing scheduled seat capacity; eliminating unprofitable routes and hubs; laying off employees; reducing employee compensation; reducing other non-fuel expenses; increasing airfares; and imposing ancillary fees and charges. Between 2007 and 2009, the U.S. passenger airlines collectively reduced domestic capacity (as measured by available seat-miles) by approximately 10%.

In 2010 through 2013, the U.S. passenger airline industry as a whole recorded net income of approximately $8 billion, in spite of sustained high fuel prices, by controlling capacity and nonfuel expenses, increasing airfares, recording high load factors, and increasing ancillary revenues. Over the four years 2009 to 2013, the airlines collectively increased domestic seat-mile capacity by an average of just 1.0% per year.

Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, continued capacity control to allow increased airfares, and stable fuel prices. Consolidation of the airline industry has resulted in four airlines (American, Delta, Southwest, and United) now accounting for approximately 90% of domestic capacity. Such consolidation is expected by airline industry analysts to contribute to industry profitability. However, any resumption of financial losses could cause U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines would drastically affect airline service at certain connecting hub airports, present business opportunities for the remaining airlines, and change airline travel patterns nationwide.

Airline Service and Routes

The Airport serves as a gateway to the Airport Service Region. The number of O&D passengers at the Airport depends on the intrinsic attractiveness of the Airport Service Region as a business and leisure destination, the propensity of its residents to travel, airline fares, and the service provided at the Airport and at other airports. The number of connecting passengers, on the other hand, depends entirely on the level of airline service provided.

Most mainline airlines have developed hub-and-spoke systems that allow them to offer high-frequency service in many city-pair markets. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends on the route networks and flight schedules of the airlines serving that airport and competing hub airports. Since 2003, as the U.S. airline industry has consolidated, airline service has been or is being drastically reduced at many former connecting hub airports, including those serving St. Louis (American 2003-2005), Dallas-Fort Worth (Delta 2005), Pittsburgh (US Airways 2006-2008), Las Vegas (US Airways 2007-2010), Cincinnati (Delta 2009-2011), Memphis (Delta 2011-2013), and Cleveland (United 2014).

Airline Competition and Airfares

Airline fares have an impact on passenger demand, particularly for relatively short trips for which the automobile and other travel modes are alternatives, and for price-sensitive "discretionary" travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Future passenger numbers, both nationwide and at the Airport, will depend, in part, on the level of airfares.

Overcapacity in the industry, the proliferation of services by low-cost airlines, the ability of consumers to compare airfares and book flights easily via the Internet, and other competitive factors combined to reduce airfares between 2000 and 2005. During that period, the average domestic yield for U.S. airlines decreased from 16.1 cents to 13.8 cents per passenger-mile. In 2006 through 2008, as airlines reduced capacity and were able to sustain fare increases, the average domestic yield increased to 15.9 cents per passenger-mile. In 2009, yields again decreased, but beginning in 2010, as airline travel demand increased and seat capacity was restricted, yields increased to 17.5 cents per passenger-mile in 2013. Beginning in 2006, ancillary charges were introduced by most airlines for services such as checked baggage, preferred seating, in-flight meals, entertainment, and ticket changes, thereby increasing the effective price of airline travel more than these yield figures indicate.

Airline Consolidation and Alliances

In response to competitive pressures, the U.S. airline industry has consolidated. In April 2001, American completed an acquisition of failing Trans World Airlines. In September 2005, US Airways and America West Airlines merged. In October 2009, Republic Airways Holdings completed purchases of Frontier and Midwest airlines. In December 2009, Delta and Northwest merged. In October 2010, United and Continental completed a merger. In May 2011, Southwest completed its acquisition of AirTran, and expects to integrate operations in 2014. In December 2013, American and US Airways completed their merger, and the merged airline has stated its intention to maintain all hubs in the combined system.

Alliances, joint ventures, and other marketing arrangements provide airlines with many of the advantages of mergers; most of the largest U.S. airlines are members of such alliances with foreign-flag airlines. Alliances typically involve marketing, codesharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. Joint ventures involve even closer cooperation and the sharing of costs and revenues on designated routes.

Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainty. Beginning in 2003, fuel prices increased as a result of the invasion and occupation of Iraq; political unrest in other oil-producing countries; the growing economies of China, India, and other developing countries; and other factors influencing the demand for and supply of oil. By mid-2008, average fuel prices were three times higher than in mid-2004 and represented the largest airline operating expense, accounting for between 30% and 40% of expenses for most airlines. Fuel prices fell sharply in the second half of 2008 as demand declined worldwide, but increased in 2010 and

2011 as global demand increased. In 2011 and 2012, political instability and conflicts in North Africa and the Middle East contributed to further volatility in fuel prices. Average fuel prices decreased overall between 2011 and 2013, partly as a result of increased supply from U.S. domestic production. At the end of 2013, average aviation fuel prices were approximately 2.5 times the prices prevailing in 2003.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term. However, there is widespread agreement that fuel prices are likely to remain high relative to historical levels and to increase over the long term as global energy demand increases in the face of finite and increasingly expensive oil supplies.

Aviation fuel prices will continue to affect airfares, passenger volumes, airline profitability, and the ability of airlines to provide service. Airline operating economics will also be affected as regulatory costs are imposed on the airline industry as part of efforts to reduce aircraft emissions contributing to global climate change.

Aviation Safety and Security Concerns

Concerns about the safety of air travel and the effectiveness of security precautions influence passenger travel behavior and affect demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures can lead to avoidance of travel or switching to surface modes of transportation for short trips.

Safety concerns in the aftermath of the terrorist attacks in September 2001 were partly responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the Transportation Security Administration (TSA), more effective dissemination of information about threats, more intensive screening of passengers and baggage, and deployment of new screening technologies.

Public health and safety concerns have also affected airline travel demand from time to time. In 2003, concerns about the spread of severe acute respiratory syndrome (SARS) led public health agencies to issue advisories against nonessential travel to certain regions of the world. In 2009, concerns about the spread of influenza caused by the H1N1 virus reduced certain international travel, particularly to and from Mexico and Asia. In April 2010, airspace and airports in much of Europe were closed for several days because of the threat to flight safety related to the ash cloud from the eruption of a volcano in Iceland. In March 2011, airline travel to and from Japan decreased following a destructive earthquake and tsunami. In August 2014, the U.S. Centers for Disease Control and Protection issued a travel advisory for U.S. residents to avoid nonessential travel to Guinea, Liberia, and Sierra Leone because of an unprecedented outbreak of the Ebola virus which began in Guinea in March 2014.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, public health and safety concerns, and international hostilities. Provided that precautions of government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not safety or security, factors.

Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transport System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. Since 2007, airline traffic delays have decreased as a result of reduced numbers of aircraft operations, but, as airline travel increases in the future, flight delays and restrictions may occur.

Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control system, future growth in airline traffic at the Airport will depend on the provision of capacity to accommodate aircraft flights and passengers. The forecasts presented later in this section were based on the assumption that no capacity enhancements or additions will be implemented at the Airport during the forecast period (i.e., through FY 2021). It is assumed that neither available airfield capacity nor demand management initiatives will constrain traffic growth at the Airport. Furthermore it is assumed that the forecast increases in enplaned passengers can be accommodated by existing terminal capacity in conjunction with the capital improvements planned through the end of the forecast period.

AIRLINE TRAFFIC FORECASTS

The forecast of enplaned passengers at the Airport through FY 2020 was developed taking into account travel demand to and from the Airport Service Region, economic projections, trends in historical passengers, and other key factors likely to affect future passenger levels, all discussed in earlier sections.

In developing the passenger forecast for this Report, it was assumed that, over the long term, airline traffic at the Airport will increase as a function of growth in the economy of the Airport Service Region and continued airline competition. It was assumed that airline service at the Airport will not be constrained by the availability of aviation fuel, the capacity of the air traffic control system or the Airport, charges for the use of aviation facilities, or government policies or actions that restrict growth. As noted in "Capacity of the Airport", it was assumed that the forecast increases in enplaned passengers could be accommodated by existing terminal capacity in conjunction with the capital improvements planned through the end of the forecast period.

Underlying Assumptions

In developing the forecast, the following key assumptions were made:

- The U.S. economy will increase an average of 2.0% to 2.5% per year during the forecast period.

- The economy of the Airport Service Region will grow at rates comparable to that of the U.S. economy as a whole.

- The airlines currently serving the Airport will be financially viable and, together with those airlines that may introduce service in the future, will provide the seat capacity required to accommodate additional demand at the Airport.

- Any airline consolidation that may occur during the forecast period, including the merger of American and US Airways, will not have a material impact on the level of passenger activity at the Airport.

- The Airport will continue to be one of the three busiest airports for Southwest, and the percentage of passengers connecting at the Airport will not materially change. Southwest will gradually increase the number of destinations served and the frequency of flights from the Airport. Other airlines will continue to provide competitive nonstop service to and from large travel markets.

- Competition among airlines serving the Airport, Washington National, and Washington Dulles will ensure the continued availability of competitive airfares for flights from the Airport.

- A generally stable international political environment and enhanced passenger and baggage screening procedures will maintain airline traveler confidence in aviation security without imposing unreasonable inconvenience.

- There will be no material disruption of airline service or passenger travel behavior as a result of international hostilities, terrorist acts or threats, or global safety or health concerns.

Enplaned Passenger Forecast

As shown in Table 24 and on Figure 9, the number of enplaned passengers at the Airport is forecast to increase slowly in the near-term—1.2% in FY 2015 and 1.6% in FY 2016—followed by faster growth through FY 2020. Slow growth in the near-term reflects the uncertainty related to federal budget reductions and the potential for slow economic growth. In FY 2020, the number of enplaned passengers at the Airport is forecast to be 12.3 million.

Between FY 2014 and FY 2020, the number of enplaned passengers at the Airport is forecast to increase an average of 1.7% per year—somewhat slower than the 2.4% average rate of growth forecast for the Airport by the FAA over the same period in its February 2014 *Terminal Area Forecast* (TAF). This higher long-term rate of growth in passenger numbers is characteristic of forecasts developed by the FAA and others for facility planning purposes, in comparison with forecasts such as those included in this Report, which were developed as a basis for financial planning.

Table 24
ENPLANED PASSENGER FORECASTS
Baltimore/Washington International Thurgood Marshall Airport
In thousands

	Historical		Forecast						Compound annual percent increase
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2014-FY 2020
Domestic									
Low cost carriers	8,117	8,036	8,150	8,272	8,438	8,615	8,805	9,064	1.8%
Mainline airlines	2,340	2,278	2,290	2,301	2,313	2,324	2,336	2,348	0.5%
Regional airlines	466	399	401	403	405	407	409	411	0.5%
	10,923	10,923	10,841	10,976	11,155	11,346	11,549	11,723	1.5%
International *(a)*	301	354	361	400	437	471	501	547	9.2%
Charter	63	71	72	73	73	74	75	76	1.0%
Total	11,288	11,139	11,273	11,449	11,666	11,891	12,125	12,346	1.7%
Percent increase (decrease)	--	(1.3%)	1.2%	1.6%	1.9%	1.9%	2.0%	1.8%	
Originating	8,214	8,016	8,203	8,330	8,488	8,652	8,822	8,989	1.9%
Connecting	3,074	3,123	3,071	3,119	3,178	3,239	3,303	3,347	1.1%
Total	11,288	11,139	11,273	11,449	11,666	11,891	12,125	12,346	1.7%
Percent originating	73%	72%	73%	73%	73%	73%	73%	73%	
Percent connecting	27%	28%	27%	27%	27%	27%	27%	27%	

Note: For Fiscal Years ending June 30.
The forecasts presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

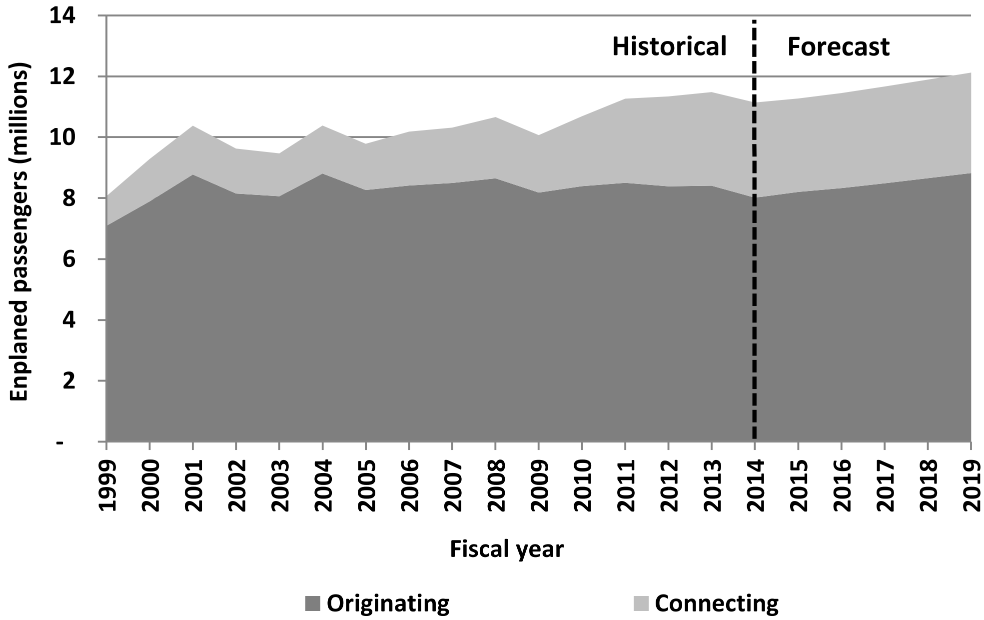
(a) Includes estimate for AirTran international passengers.

Source: Historical: Baltimore/Washington International Thurgood Marshall Airport records
Forecast: LeighFisher, October 2014.

Figure 9

ENPLANED PASSENGER FORECASTS

Baltimore/Washington International Thurgood Marshall Airport



Note: For Fiscal Years ended June 30.

The forecasts presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

Sources: Baltimore/Washington International Thurgood Marshall Airport records.
Forecast: LeighFisher, October 2014.

FINANCIAL FRAMEWORK

The Airport is owned by the State of Maryland and operated by the Maryland Aviation Administration (MAA.) The MAA is an agency of the State of Maryland and a unit within the Maryland Department of Transportation (Department.)

The Maryland Transportation Authority (Authority) is responsible for the supervision, financing, construction, operation, maintenance, and repair of certain revenue-producing transportation facilities projects. The Department is responsible for all State-owned transportation facilities and programs, save those of the Authority. The Authority intends to enter into a lease with MAA and the State of Maryland to lease from MAA certain property located at BWI Marshall. The capital improvements financed by the Series 2014 Bonds are planned to be constructed on this property. The Authority intends to enter into an agreement with MAA to finance the design, construction and equipping of the capital improvements for MAA and MAA will agree, among other things, to operate, secure, and maintain the capital improvements as the agent of the Authority.

TRUST AGREEMENT

The Series 2014 Bonds would be issued as Additional Bonds under the terms of the Authority's Trust Agreement dated December 1, 2003 (Trust Agreement), as subsequently amended and supplemented. Except as otherwise defined herein, capitalized terms in this report are used as defined in the Trust Agreement.

Pursuant to certain enabling legislation and the Trust Agreement, the Authority previously issued the Passenger Facility Charge Revenue Bonds, Series 2012A, Baltimore/Washington International Thurgood Marshall Airport, Passenger Facility Charge Revenue Bonds, Series 2012B, Baltimore/Washington International Thurgood Marshall Airport, and Passenger Facility Charge Revenue Bonds, Series 2012C, Baltimore/Washington International Thurgood Marshall Airport (collectively the Series 2012 Bonds), which remain outstanding.

Application of Pledged Revenues

The Series 2014 Bonds shall be limited obligations of the Authority payable solely from the Pledged Revenues. Neither the State, the Department, MAA, any political subdivision of the State, nor the Authority shall be obligated to pay the Series 2014 Bonds or the interest thereon except from the Pledged Revenues and from other sources as provided in the Supplemental Trust Agreement, and neither the faith and credit nor the taxing power of the State, the Department, MAA, any political subdivision of the State, nor the Authority is pledged to the payment of the Series 2014 Bonds or the interest thereon. The issuance of the Series 2014 Bonds shall not directly or indirectly or contingently obligate the State, the Department, MAA or any political subdivision of the State to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Authority and MAA have no taxing powers.

Pledged Revenues are defined in the Trust Agreement as (a) all Passenger Facility Charges (PFCs) in an amount up to $4.50 assessed to eligible passengers enplaning at BWI Marshall on July 1, 2004 and thereafter payable to MAA, (b) any additional PFCs that may be pledged by the Authority hereunder as part of the Trust Estate pursuant to a Supplemental Trust Agreement, (c) interest earnings on the funds and accounts created hereby, (d) all amounts payable to the Authority or the

Trustee pursuant to any Qualified Hedging Transaction, and (e) all rights to receive the same and the proceeds of such rights, whether now existing or hereafter coming into existence.

The Trust Agreement establishes certain funds and the priority for the flow of Pledged Revenues to such funds, as illustrated on Figure 10. All Pledged Revenues are applied to funds in the following order of priority:

1. *PFC Revenue Fund*. All Pledged Revenues are deposited into the PFC Revenue Fund.

2. *Bond Fund*. Pledged Revenues shall be deposited into the Bond Funds for each series of Bonds to meet the Debt Service Requirements for each series.

3. *Payment of Administrative Expenses*. Pledged Revenues shall pay of any expenses reasonable and necessarily incurred by the Authority by reason of its issuance and administration of any Bonds and the performance of its obligations under the Trust Agreement.

4. *Debt Service Reserve Fund*. Pledged Revenues shall be deposited into the Debt Service Reserve Funds for each series of Bonds to meet the Debt Service Reserve Fund Requirement.

5. *Payment of Termination Payments*. Pledged Revenues shall pay any termination payment due and any amounts other than regularly scheduled hedge payments under any Qualified Hedging Transaction.

6. *Facility Improvements Fund*. All remaining Pledged Revenues shall be deposited into the Facility Improvements Fund. Amounts in the Facility Improvements Fund may be used for any lawful Airport System purpose for which the MAA has PFC Authority, provided such use does not result in the violation of the Sufficiency Covenant.

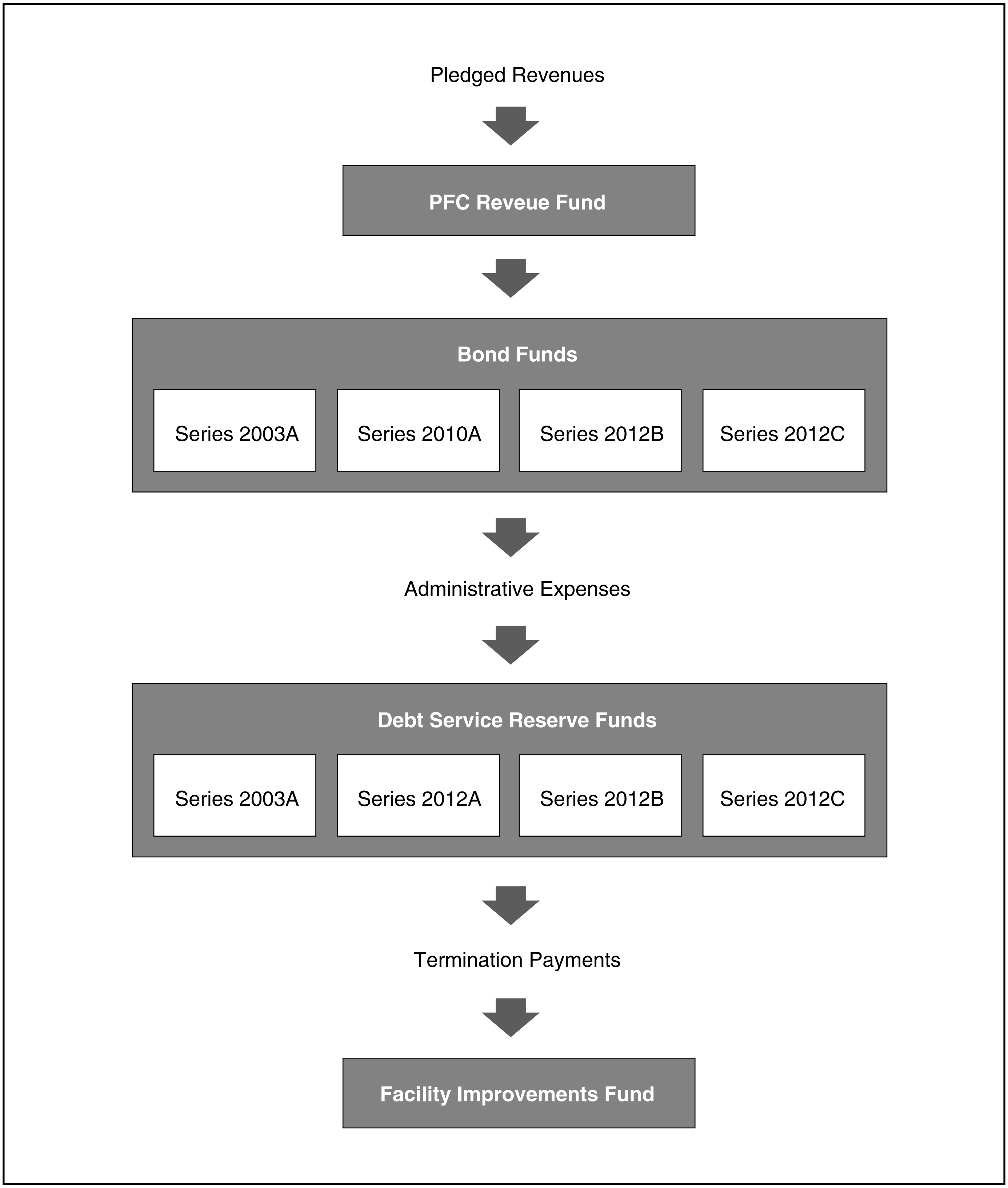


Figure 10

FLOW OF PLEDGED REVENUES UNDER TRUST AGREEMENT

October 2014

Requirements for Issuing Additional Bonds

Section 2.05 of the Trust Agreement establishes the requirements which must be satisfied in order to issue Additional Bonds under that agreement. Among these is a requirement to produce a Certificate of the Authority to the effect that:

(i) The amount of the Pledged Revenues actually collected during the most recent Bond Year was not less than 150% of the Debt Service Requirements of Outstanding Bonds for such Bond Year,

(ii) During each of the five Bond Years immediately succeeding the later of the date of delivery of such Additional Bonds and the date to which interest on such Additional Bonds has been funded, the estimated Pledged Revenues to be actually collected during each such Bond Year are projected to be not less than 150% of the Debt Service Requirements of Outstanding Bonds for such Bond Year, taking into account the Additional Bonds to be issued, and

(iii) If any Credit Facility is then in effect, the Authority has satisfied the requirements of the related Credit Facility Agreement regarding issuance of Additional Bonds. According to MAA, no Credit Facility will be used for the Series 2014 Bonds.

These requirements are referred to as the Additional Bonds Test or ABT. The applicable years for the ABT for the Series 2014 Bonds are FY 2014 and FY 2016 through FY 2020 (Forecast Period).

AIRLINE AGREEMENT

The MAA has entered into an agreement with the following passenger and cargo airlines serving the Airport (collectively, the Signatory Airlines):

- Air Canada
- American Airlines
- British Airways
- Condor Flugdienst
- Delta Air Lines
- Federal Express
- JetBlue Airways
- Southwest Airlines
- Spirit Airlines
- United Airlines
- United Parcel Service

The term of the Airline agreement extends through June 30, 2019. The Airline Agreement provides for a compensatory rate-making methodology to calculate terminal rental rates, and a residual rate-making methodology to calculate the airfield area landing fees.

With certain exceptions, the Airline Agreement establishes procedures through which Signatory Airlines are notified and can disapprove capital expenditures that are to be included in terminal rentals and landing fees charged for the use and/or occupancy of terminal and airfield facilities. Debt service associated with the Series 2014 Bonds will not be included in the terminal rentals or landing fees. The TTF funding shown on Exhibit A for the D/E Connector Project would be amortized in the calculation of terminal rentals. The MAA obtained airline approvals for the D/E Connector Project with the execution of the Airline Agreement in 2014.

FINANCIAL ANALYSIS

ESTIMATED D/E CONNECTOR PROJECT FINANCING

Exhibits A and B present a summary of the estimated sources and uses of funds for the D/E Connector Project, as provided by the MAA and Public Financial Management, Inc., the Authority's Financial Advisors for this issuance.

Sources of Funds

The estimated sources of funds for the D/E Connector Project, as shown in Exhibits A and B, are:

- Proceeds from the sale of the Series 2014 Bonds,
- PFC revenues on a pay-as-you-go basis,
- TTF Funds, and
- Bond issuance premium.

Uses of Funds

The estimated uses of funds for the Series 2014 Bonds, as shown in Exhibit B, are:

- Estimated D/E Connector Project costs
- Deposit to the Reserve Fund
- Costs of issuance

Passenger Facility Charge Revenues on a Pay-As-You-Go Basis

In July 1992, MAA received Federal Aviation Administration (FAA) approval to begin imposing PFCs at the $3.00 level and to use PFC revenues to pay the costs of various FAA-approved projects. In March 2002, MAA received FAA approval to increase its PFC level per passenger from $3.00 to $4.50 and did so on June 1, 2002. Since inception of the PFC program at the Airport in 1992, MAA has received FAA approval to impose a PFC for 59 projects totaling $1.6 billion. The MAA's authority from the FAA to impose PFCs for these projects is projected to expire in September 2031.

As described earlier in the letter at the beginning of this report, the MAA is authorized to use PFC revenues to pay Debt Service Requirements of certain Bonds and has pledged PFC revenues to those Bonds. PFC revenues in the Facility Improvements Fund may be used on a pay-as-you-go basis for capital projects. As shown on Exhibit A, the MAA intends to use $68.5 million of PFC revenues to pay a portion of the costs of the D/E Connector Project directly with PFC revenues, of which $62.6 million remains to be spent between FY 2015 and FY 2020. MAA received authority to impose and use those PFC revenues on a pay-as-you-go basis in August 2014.

Through June 30, 2014, PFC revenues received by the MAA, including investment earnings, totaled $726.7 million, of which $680.3 million has been expended on capital and financing costs for approved projects. While the Series 2014 Bonds are outstanding, MAA may submit additional PFC applications for additional projects or amendments to extend the estimated expiration date of MAA's overall authority to impose and use PFC revenues.

Maryland Transportation Trust Fund

Transportation needs in Maryland are funded from an integrated account called the Transportation Trust Fund. The Transportation Trust Fund was created in 1971 to establish a dedicated fund to support the Department. All activities of the Department are supported by the Trust Fund, including debt service for other bonds, maintenance, operations, administration, and capital projects. Sources of funds include motor fuel taxes, vehicle excise (titling) taxes, motor vehicle fees (registrations, licenses and other fees), and federal aid.

As shown in Exhibit A, the Authority estimates that it will use a total of approximately $18.3 million from the Transportation Trust Fund for certain elements of the D/E Connector Project, of which $17.7 million remains to be spent between FY 2015 and FY 2020.

DEBT SERVICE REQUIREMENTS

Exhibit C presents the annual Debt Service Requirements for the Authority on the Series 2003A Bonds, the Series 2012A Bonds, the Series 2012B Bonds, the Series 2012C Bonds, and the proposed Series 2014 Bonds for FY 2012 through FY 2020. The Series 2003 Bonds are no longer outstanding.

Debt service on the Series 2014 Bonds was estimated by Public Financial Management, Inc., the Authority's Financial Advisors for this issuance, based on the assumption that the Bonds are to be amortized over a 20-year period at an all-in true interest cost of 3.80%.

Outstanding Bonds

In April 2012, the Authority issued Series 2012A Bonds in the amount of $50,905,000 as partial funding for a project to connect Concourses B and C. In December 2012, the Authority issued the Series 2012B and Series 2012C Bonds in the amount of $135,470,000 to pay for a portion of the funding for certain runway safety area and pavement management projects. As of November 1, 2014, $47,275,000 of the Series 2012A Bonds, $86,610,000 of the Series 2012B Bonds, and $43,400,000 of the Series 2012C Bonds remain outstanding.

Proposed Series 2014 Bonds

The proceeds of the proposed Series 2014 Bonds are to be used to fund a portion of the costs of the D/E Connector Project. The assumptions regarding the Series 2014 Bonds are provided in Table 25.

Table 25
DEBT SERVICE FOR THE PROPOSED SERIES 2014 BONDS

	Series 2014
Principal amount	$37,655,000
Project Costs	$38,500,000
Bonds to be dated *(a)*	December 17, 2014
Average coupon	5.03%
First principal payment date	June 1, 2015
Final maturity	June 1, 2034

(a) Interest begins to accrue as of this date. Source: PFM Inc., October 13, 2014.

PLEDGED REVENUES

As shown on Exhibit C, an average of 93.8% of enplaned passengers at the Airport paid a PFC between FY 2012 and FY 2014. The calculation of the percentage of enplaned passengers paying a PFC is based on total enplaned passengers at the Airport, even though certain classes of carriers are exempt from collecting a PFC from their passengers at the Airport.

In preparing the forecasts, it was assumed that MAA will continue to impose a $4.50 PFC at the Airport through the forecast period and that 90% of total enplaned passengers using the Airport will pay a PFC. The forecasts of PFC revenues to the MAA are based on the projected numbers of passengers and are presented in Exhibit C. Interest earnings are assumed to be generated on PFC-related funds and accounts at a rate of 0.5% annually.

Exhibit C also presents the forecast application of Pledged Revenues. As shown, forecast PFC collections exceed PFC revenues pledged to pay debt service.

DEBT SERVICE COVERAGE

Exhibit C also presents the calculation of the requirements of the Additional Bonds Test. As shown, Pledged Revenues (i) actually collected during FY 2014 was not less than 150% of the Debt Service Requirements of Outstanding Bonds for such Fiscal Year and (ii) during FY 2016 through FY 2020, the forecast Pledged Revenues to be collected during each such Fiscal Year are projected to be not less than 150% of the Debt Service Requirements of Outstanding Bonds and the proposed Series 2014 Bonds.

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Exhibit A

CAPITAL IMPROVEMENT PROGRAM FOR FY 2015 TO FY 2020

Baltimore/Washington International Thurgood Marshall Airport

Maryland Aviation Administration

	FY 2015 to FY 2020 Project Cost	Maryland TTF	AIP Grants	Other	PFC			
					Pay-as-you-go	Existing PFC Bonds	Series 2014 Bonds	Total PFC
D/E Connector Project (a)	$ 119,192,000	$ 17,725,000	$ -	$ -	$ 62,943,000	$ -	$ 38,524,000	$ 101,467,000
Other Projects								
Runway Safety Area	$ 186,320,000	$ -	$ 50,800,000	$ -	$ 65,844,000	$ 69,676,000	$ -	$ 135,520,000
Loading Bridge Replacement	12,480,000	220,000	-	-	12,260,000	-	-	12,260,000
Parking Revenue Control System	8,616,000	8,616,000	-	-	-	-	-	-
Homeowner Assistance Program	5,635,000	955,000	4,680,000	-	-	-	-	-
Environmental Assessment	2,000,000	2,000,000	-	-	-	-	-	-
Environmental Assessment at Martin State Airport	1,182,000	1,182,000	-	-	-	-	-	-
Concourse E Gate Extension	200,000	200,000	-	-	-	-	-	-
System Preservation	211,400,000	178,627,000	16,420,000	8,300,000	8,053,000	-	-	8,053,000
Capital Salaries, Wages, and Other Costs	36,600,000	36,600,000	-	-	-	-	-	-
Subtotal Other Projects	$ 464,433,000	$ 228,400,000	$ 71,900,000	$ 8,300,000	$ 86,157,000	$ 69,676,000	$ -	$ 155,833,000
Total FY 2015 to FY 2020	$ 583,625,000	$ 246,125,000	$ 71,900,000	$ 8,300,000	$ 149,100,000	$ 69,676,000	$ 38,524,000	$ 257,300,000

Source: Maryland Aviation Administration.

(a) Approximately $6.0 million of D/E Connector Project costs were spent in FY 2014 and paid by Maryland TTF ($0.5 million) and PFCs on a pay-as-you-go basis ($5.5 million), for a total project cost of $125.0 million. The Maryland TTF is providing $45.0 million in interim financing for the D/E Connector Project that is to be repaid with PFCs on a pay-as-you-go basis. This exhibit shows that funding under PFC pay-as-you-go.

Exhibit B

SOURCES AND USES OF SERIES 2014 BONDS PROCEEDS

Baltimore/Washington International Thurgood Marshall Airport

Maryland Aviation Administration

	Series 2014 Bonds
Sources of Funds	
Bond Proceeds	$ 37,655,000
Premium	4,447,000
	$ 42,102,000
Uses of Funds	
D/E Connector Project Costs	$ 38,500,000
Debt Service Reserve Fund	3,060,000
Underwriters' Discount	188,000
Costs of Issuance	354,000
	$ 42,102,000

Source: Public Financial Management, Inc., October 13, 2014.

Exhibit C

APPLICATION OF PFC REVENUES AND DEBT SERVICE COVERAGE

Baltimore/Washington International Thurgood Marshall Airport

Maryland Aviation Administration

For Fiscal Years ending June 30

		Historical (a)			Forecast					
		2012	2013	2014	2015	2016	2017	2018	2019	2020
SOURCES OF PFC REVENUES										
Starting PFC Balance		$ 53,521,936	$ 60,559,085	$ 46,480,246	$ 34,457,000	$ 47,212,000	$ 33,120,000	$ 15,349,000	$ 22,592,000	$ 30,667,000
Pledged Revenues										
Series 2003A Debt Service Reserve Fund Release (b)		$ -	$ 2,229,587	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PFC Collections										
Enplaned passengers		11,340,264	11,288,150	11,139,583	11,273,000	11,449,000	11,666,000	11,891,000	12,125,000	12,346,000
Percent PFC-eligible		93.7%	97.9%	89.8%	90.0%	90.0%	90.0%	89.8%	89.5%	89.3%
PFC-eligible enplaned passengers		10,625,953	11,055,540	10,004,215	10,146,000	10,304,000	10,499,000	10,672,000	10,852,000	11,019,000
PFC collection per enplaned passenger (c)		$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39
PFC collections		$ 46,647,934	$ 48,533,820	$ 43,918,504	$ 44,541,000	$ 45,235,000	$ 46,091,000	$ 46,850,000	$ 47,640,000	$ 48,373,000
Interest earnings		40,075	95,463	66	56,000	57,000	58,000	59,000	60,000	60,000
Subtotal Pledged Revenues	[A]	$ 46,688,009	$ 48,629,283	$ 43,918,570	$ 44,597,000	$ 45,292,000	$ 46,149,000	$ 46,909,000	$ 47,700,000	$ 48,433,000
Total sources of PFC revenues		$ 100,209,945	$ 111,417,955	$ 90,398,816	$ 79,054,000	$ 92,504,000	$ 79,269,000	$ 62,258,000	$ 70,292,000	$ 79,100,000
USES OF PFC REVENUES										
Bond debt service										
Series 2003A		$ 10,666,913	$ 11,216,035	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Series 2012A		235,873	4,153,725	4,121,925	4,084,000	4,044,000	4,008,000	3,970,000	3,929,000	3,905,000
Series 2012B		-	1,171,112	7,969,525	7,970,000	7,969,000	7,968,000	7,968,000	7,967,000	7,966,000
Series 2012C		-	31,536	36,468	2,170,000	2,170,000	2,170,000	2,170,000	2,170,000	2,170,000
Proposed Series 2014 (d)		-	-	-	1,393,000	3,058,000	3,060,000	3,058,000	3,059,000	3,059,000
Subtotal	[B]	$ 10,902,786	$ 16,572,408	$ 12,127,918	$ 15,617,000	$ 17,241,000	$ 17,206,000	$ 17,166,000	$ 17,125,000	$ 17,100,000
Pay-as-you-go										
Other approved projects		$ 28,748,074	$ 43,286,647	$ 6,359,000	$ 14,248,000	$ 5,760,000	$ 2,660,000	$ -	$ -	$ -
RSA and Pavement Management project		-	5,078,654	4,865,000	1,977,000	36,383,000	21,553,000	-	-	-
B/C Connector Project		-	-	31,590,000	-	-	-	-	-	-
D/E Connector Project		-	-	1,000,000	-	-	22,501,000	22,500,000	22,500,000	-
		$ 28,748,074	$ 48,365,301	$ 43,814,000	$ 16,225,000	$ 42,143,000	$ 46,714,000	$ 22,500,000	$ 22,500,000	$ -
Total uses of PFC revenues		$ 39,650,860	$ 64,937,709	$ 55,941,918	$ 31,842,000	$ 59,384,000	$ 63,920,000	$ 39,666,000	$ 39,625,000	$ 17,100,000
Year-end PFC revenue fund balance		$ 60,559,085	$ 46,480,246	$ 34,456,898	$ 47,212,000	$ 33,120,000	$ 15,349,000	$ 22,592,000	$ 30,667,000	$ 62,000,000
DEBT SERVICE COVERAGE										
Pledged Revenues	[A]	$ 46,688,009	$ 48,629,283	$ 43,918,570	$ 44,597,000	$ 45,292,000	$ 46,149,000	$ 46,909,000	$ 47,700,000	$ 48,433,000
Debt Service Requirement	[B]	$ 10,902,786	$ 16,572,408	$ 12,127,918	$ 15,617,000	$ 17,241,000	$ 17,206,000	$ 17,166,000	$ 17,125,000	$ 17,100,000
Debt service coverage	[A/B]	4.28	2.93	3.62	2.86	2.63	2.68	2.73	2.79	2.83
Coverage requirement		1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

(a) Source: Maryland Aviation Administration.
(b) As the Series 2003A Bonds were paid off, excess Debt Service Reserve Funds were used to pay debt service in FY 2013.
(c) $4.50 PFC net of airline processing charge of $0.11 per PFC.
(d) Source: Public Financial Management, Inc., October 13, 2014.

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MARYLAND TRANSPORTATION AUTHORITY • Passenger Facility Charge Revenue Bonds, Series 2014, Baltimore/Washington International Thurgood Marshall Airport (Qualified Airport Bonds - AMT)

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