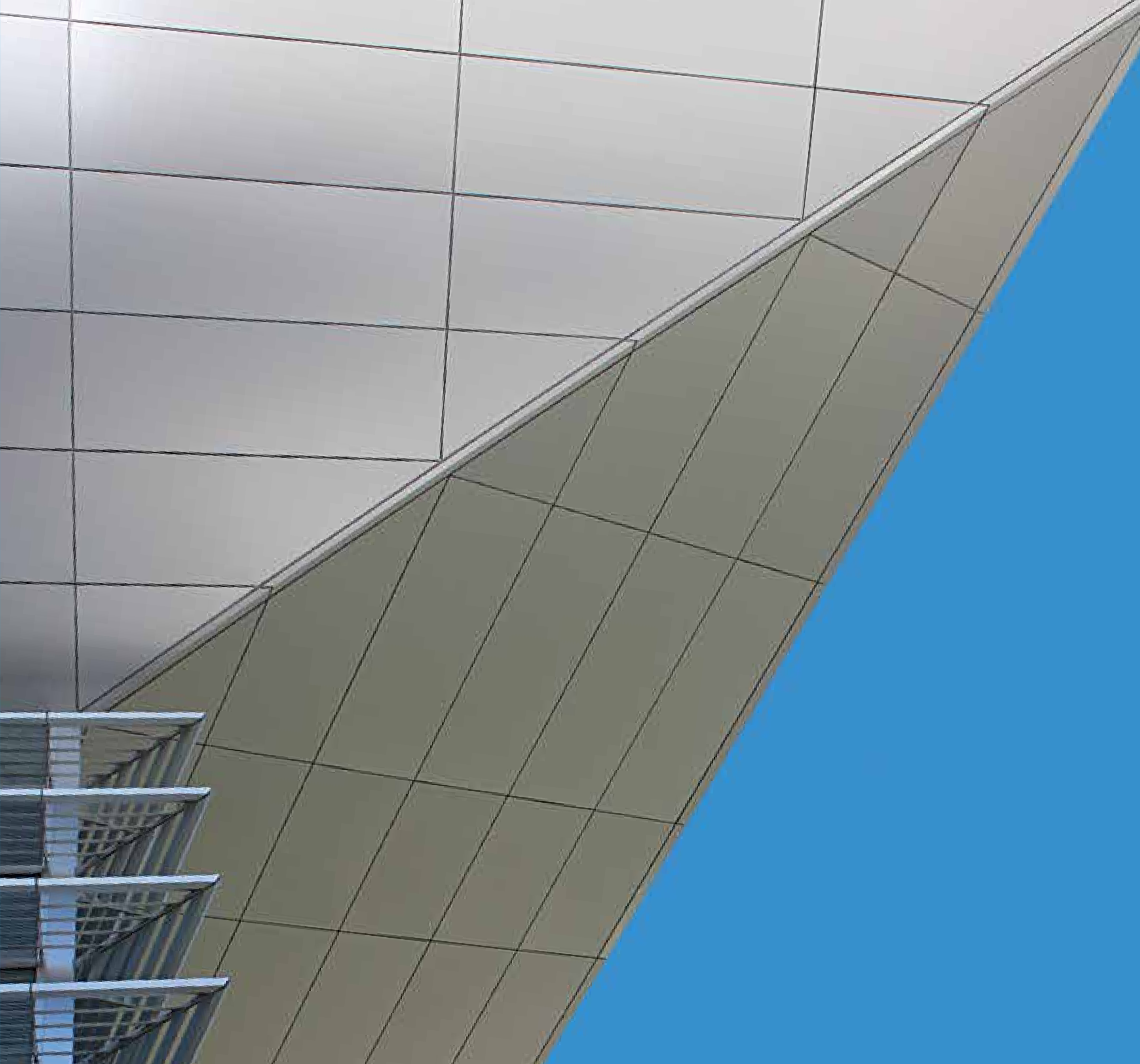
WINNIPEG
AIRPORTS AUTHORITY

2015 Annual Report

Leading Transportation Innovation & Growth

Cover photography courtesy of Laird Kay



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STRATEGIC DIRECTIONS

Enhance Customer Service and Value
We will understand our customer needs and assure value through measurements relevant to them.

Deliver and Operate Excellent Facilities and Services
We will deliver safe, secure and environmentally sound facilities and services incorporating universal design principles.

VISION

To lead transportation innovation and growth

MISSION

With our community, we provide excellent airport services and facilities in a fiscally prudent manner

VALUES

Respect
Integrity
Service
Excellence

Expand Air Service to and from Winnipeg
To improve Manitoba's links to the world, we will build on our 24-hour access and our intermodal connectivity.

Be an Effective Community Partner
We will be a source of pride for our community and a leader in its growth and development.

Develop and Realize Employee Potential
Our team attracts and inspires excellence. We have engaged employees, with the right skills, in the right place at the right time.

Develop New Revenue Streams
Through business development initiatives, we will seek opportunities that will enhance and diversify revenue streams.

2015 NORTH AMERICAN DESTINATIONS

Destinations and airlines serving YWG are subject to change.

AIRLINES

Air Canada
Air Transat
Bearskin Airlines
Calm Air
Delta Air Lines
First Air
Sunwing
United Airlines
WestJet

2015 NON-STOP DESTINATIONS

CANADA

Calgary
Edmonton
Vancouver
Churchill
Flin Flon
Gillam
The Pas
Thompson
Rankin Inlet
Sanikiluaq
Ottawa
Red Lake
Thunder Bay
Toronto
Montreal
Regina
Saskatoon
London*

U.S.

Denver
Chicago
Minneapolis
Las Vegas
Phoenix*
Palm Springs*
Fort Lauderdale*
Orlando*

CHARTER*

Bahamas
Freeport

Cuba
Cayo Coco
Holguin
Santa Clara
Varadero

Dominican Republic
Punta Cana

Jamaica
Montego Bay

Mexico
Cancun
Huatulco
Ixtapa-Zihuatanejo
Los Cabos
Puerto Vallarta

** Seasonal destinations*

MESSAGE FROM THE BOARD CHAIR

Tom Payne Jr. – Board Chair

I have had the pleasure of serving as Chair of the Winnipeg Airports Authority's Board of Directors for two years and am honoured to work alongside a dedicated group of professionals from various backgrounds and industries. Our directors, nominated by various community stakeholders, serve an important role for the airport. With the interests of our community in mind, we each draw on our individual areas of expertise and experience to inform our discussions and decision-making. As with any effective governing body, the diversity of our group continues to change and evolve as new members join the ranks, serve their terms and retire.

After serving three full terms and having provided a total of nine years of dedicated service, David Friesen retired at the end of 2015. David served on the Governance Committee for the duration of his tenure and chaired the committee for the past four years. We thank David for his contributions and leadership. Also leaving the Board this year was Janice Filmon, who was appointed Lieutenant Governor of Manitoba. Janice has a long history of serving the public and making the Province a better place. We are proud to see her take on such a significant role.

As past members moved on, it made room for new faces around the table. Nominated by the WAA Board, Brita Chell, Chief Financial Officer of G3 Canada Limited and Donna Price, Corporate Director, joined us part way through the year. Nominated by the Winnipeg Chamber of Commerce, Sangeet Bhatia, Partner, Consulting at Deloitte Inc. also joined the Board. We are pleased to have these three members join in helping provide direction for the corporation behind one of our community's most valuable assets – Winnipeg Richardson International Airport.

Also new to the Board is Paul Vogt, President and CEO of Red River College. Paul joined the Board in January 2016 and we look forward to his contributions.

Looking forward and anticipating future needs is one of our most important duties as board members. Every two years we participate in a special planning meeting where we hear from industry experts from across the globe on a variety of topics impacting air travel and Canadian airports. During this time we also perform a comprehensive review of WAA's strategic priorities, ensuring the organization is on track to meet or exceed the needs of our community.

Out of our planning meeting last June, my colleagues and I provided three new priorities to help guide WAA's management team. The first is **Revenue Optimization** which means maximizing revenue potential and ensuring highest and best use of airport assets; all while offering excellent services to customers and the community. The second is **Business Transformation** which is about adapting to a changing industry by becoming more efficient where possible and by increasing performance with updated processes and procedures. Last but not least, is a renewed focus on **Stakeholder Engagement**; committing to being trusted in the region as a strong socio-economic leader that is in tune with its business and community partners. It also includes engaging staff and reinforcing a culture of customer service where people are proud to work and grow their careers. We are confident these new strategic priorities will help provide a framework for continued growth and success.

Related to the growth and success of the airport, I'd like to congratulate WAA team members for being named one of Manitoba's Top Employers for the fifth consecutive year; a well-deserved accolade.

On behalf of my colleagues on the Board, I would like to thank the staff and management of WAA who work tirelessly to improve the overall airport experience and for providing our community with a world-class facility. I also thank the travellers from our region who support Winnipeg Richardson International Airport. Last year the airport welcomed nearly 3.78 million passengers and we'd love to see that number grow through increased services and improved connectivity; all contributing to the economic growth and well-being of our community.

Sincerely,

Tom Payne Jr.

Laird Kay

> *Last year the airport welcomed nearly 3.78 million passengers and we'd love to see that number grow through increased services and improved connectivity.*
>
> *– Tom Payne Jr.*

> *Engrained in our culture is a strong desire to be part of the local community by serving others.*
>
> *– Barry Rempel*

MESSAGE FROM THE PRESIDENT & CEO

Barry Rempel – President & CEO

I have long referred to Winnipeg Richardson International Airport as the front door to our community. That thinking was certainly reaffirmed this summer when Winnipeg welcomed thousands of visitors from around the globe for FIFA Women's World Cup Canada 2015. Teams, coaches and fans were treated to a "Friendly Manitoba" welcome. Our city also hosted the 103rd Grey Cup Festival. Sports fans are a special breed and we enjoyed witnessing their enthusiasm and passion.

We also learned a lot from the many visitors, teams and sports fans that came through our city – work hard, play hard, and cheer loudly for your favourite team. We've been cheering loudly for Winnipeg as we seek to increase air service and improve connectivity for travellers. Our persistence has paid off. WestJet announced service from Winnipeg to London beginning this spring. A big win for our region!

We celebrated another big win earlier in the year when Winnipeg Richardson International Airport was the first Canadian airport to receive LEED certification. Our LEED Silver certification has refuelled our passion and commitment to reducing our impacts on the environment. In fact, we have a long-term goal of decreasing our carbon footprint by looking to become a carbon neutral facility. Through a partnership with the Province of Manitoba, we made a significant step toward this goal by investing in green technology and infrastructure for electric vehicle (both public and airside) charging stations.

Another partnership we were pleased to announce was with St. John Ambulance for the launch of the Therapy Dog Program. Interactions with the friendly dogs and handlers who volunteer at the airport can help relieve stress or anxiety, producing an excellent experience for visitors.

Creating positive experiences and delivering great customer service is what it's all about. With that in mind, this airport is constantly improving its offerings to customers. Open to all domestic and international travellers, regardless of their carrier, Plaza Premium Lounge opened in 2015 and serves up world-class service. Also new to the airport was Green Carrot Juice Company offering customers fresh and healthy choices. Other restaurant improvements continue into 2016 and are sure to satisfy appetites.

For WAA however, it is not just about improving the airport; we are striving to maximize our assets to generate an even greater economic and social impact. Engrained in our culture is a strong desire to be part of the local community by serving others. For two decades now, Winnipeg Airports Authority has maintained a garden on the airport campus and donated all the vegetables to Winnipeg Harvest's Grow-A-Row program. Over the years, our team has donated over 42,000 pounds of fresh produce to help fight hunger and feed hope. We also host an annual fundraising campaign in support of United Way Winnipeg. Giving back creates a great sense of pride and unity among the whole team.

We support the community, and the community supports our operations. In 2015, travellers through YWG set a new passenger traffic record for the second consecutive year. Thank you for choosing Winnipeg Richardson International Airport for your leisure and business travel.

Looking ahead, we'll continue cheering for this region and doing all we can to improve airport facilities and services. As always, we'll work hard to increase our community's connectivity and attract additional service and frequencies for travellers. As an important economic driver for the region, we're committed to our home team.

Sincerely,

Barry Rempel

MESSAGE FROM MANAGEMENT

About Winnipeg Airports Authority Inc.

Winnipeg Airports Authority Inc. (WAA or the Company) is a community-based, not-for-profit organization responsible for the management and operation of Winnipeg James Armstrong Richardson International Airport (Winnipeg Richardson International Airport). As a non-share corporation, all earnings are reinvested into airport operations and development. Our full-service airport provides passengers and cargo customers access to markets across Canada, the United States, Mexico and the world. Located at the geographic centre of North America, with round-the-clock operations, Winnipeg Richardson International Airport is the number one dedicated freighter airport in Canada as measured by the number of flights. The airport generates over $3.6 billion in total economic output and welcomes over 3.78 million passengers annually.

Economic Conditions

Manitoba has seen stable economic growth over the last few years. Even with low oil prices and a low Canadian dollar potentially impacting the broader economy, Manitoba is poised to be among Canada's leaders in economic growth in the next two years. The Conference Board of Canada has stated that Manitoba's GDP for 2016 is predicted to be 2.5 per cent with 3.0 per cent in the forecast for 2017. Manitoba's economy is diversified with strong performance in several sectors including mining, manufacturing, transportation, warehousing, and financial services. From a tourism perspective, inbound US traffic has increased slightly while outbound traffic to the US has decreased.

Relationship with Transport Canada and Governance

WAA is party to a long-term Ground Lease with the Government of Canada which provides the right for the Company to operate, maintain and develop the Winnipeg Richardson International Airport.

Annually, Transport Canada performs a lease monitoring review to ensure the Company is in compliance with the key terms of this Ground Lease. The 2015 results of this review indicate the Company is managing the assets appropriately and remains substantially in compliance with the provisions of the Ground Lease.

In return for the right to operate, maintain and develop the airport, the Company pays the Government of Canada a percentage of revenue. Ground Lease rent payments were $7.4 million during 2015 (2014 - $7.0 million).

Corporate Social Responsibility

As WAA continues its development, the Company is also committed to serving our stakeholders through strong corporate social responsibility, which includes our role in economic development and environmental responsibility.

The Company maintains this balance by:

- Managing WAA's activities in a fiscally, socially and environmentally responsible manner.
- Conducting effective consultation to identify associated issues as WAA develops and operates facilities.
- Monitoring progress in a way that enhances the positive and minimizes negative economic, social and environmental impacts.

STRATEGIC PLAN

Every two years the Board of Directors and management review the priorities of the Company and its strategic plan. This strategic plan is based on the Company's vision, mission and values along with the six key strategic objectives. The alignment of strategic priorities allows the Company to focus its efforts in the most efficient and effective manner. For 2016 and 2017, the strategic priorities are:

Revenue Optimization:

WAA has been entrusted by the community to manage and operate the Winnipeg Richardson International Airport. A key tenet underlying this trust is that WAA will maximize the potential of the assets in its care. Because the airport is a key cog in the local economy, the optimization of all revenue generating assets is a strategic priority – that means ensuring WAA is utilizing the assets to the level of the highest and best use.

Business Transformation:

The community and WAA's strategic partners require that the services and facilities are managed and operated in the most efficient and effective manner.

Managing of costs and processes is integral to this desired outcome. WAA is undergoing a thorough review of the way it conducts business to ensure the Company is well positioned to adapt to the changing nature of the way airports operate.

Stakeholder Engagement:
WAA is diligent in striving to maintain a social license to conduct our affairs in a way that enhances community connectivity, and does so in a fiscally, socially and environmentally responsible manner. WAA continues to engage all stakeholders in the determination of desired outcomes for the airport and its related businesses.

Winnipeg Airport Services Corp.

Winnipeg Airport Services Corp. (WASCO) is a wholly owned subsidiary of WAA. WASCO has investments in other entities including SRG Security Resource Group Inc., 5388946 Manitoba Ltd., Churchill Transportation Inc., Compass Transportation Consultants Ltd. and Nunavut Airport Services Ltd. (NASL).

In July 2014, NASL assumed operations of the Iqaluit International Airport. The redevelopment of this capital city airport is a key development for Canada's North, especially given the reliance placed on the airport for the flow of people and goods in and out of the territory.

WASCO is also performing airport maintenance services at the Kelowna International Airport under a five-year contract.

A joint venture arrangement was undertaken by WASCO in 2015 with a key strategic business partner. This new venture is now providing support services in WAA's baggage operations centre, airport operations centre and pass office. The multi-year service level agreement with the joint venture arrangement provides for enhanced customer service levels.

Winnipeg Airport Lands Corp.

WAA is also a partner in another venture, Winnipeg Airport Lands Corp. (WALC) to plan for the development of lands to the west of the airport. This partnership with the land owners aligns with real estate development initiatives on WAA leased lands. This opportunity to develop land in proximity to the airport within CentrePort will stimulate economic activity. In 2015 WALC worked diligently with engineering and consulting services to update the precinct plan for this area.

WINNIPEG RICHARDSON INTERNATIONAL AIRPORT

A key management decision-making tool is the use of a balanced scorecard approach with four filters: Employees, Customers, Systems & Processes, and Finance. Each business owner reports monthly on their measurements or key performance indicators under those categories. All decisions from staffing to capital budgets to customer service enhancements are made using the same four filters system.

EMPLOYEES

Employer of Choice
WAA is proud of its efforts in employee engagement and this is evidenced by being named one of Manitoba's Top Employers for the fifth straight year. Recognition also came when WAA was named as one of Canada's 10 Most Admired Corporate Cultures. A representative group of the WAA team proudly accepted the award in Toronto. Canada's 10 Most Admired Corporate Cultures award distinguishes great workplaces where culture impacts performance. The winning organizations are selected by a panel of experts based on several criteria, including vision and leadership; recruitment and hiring for fit; cultural alignment and measurement; retention, rewards and recognition; organizational performance; and corporate social responsibility.

As an organization with employees dispersed in various workplaces around the airport site, the WAA People Pages was developed to allow all employees to put faces to names.

Employees Giving Back
WAA's employees are proud of their role in serving the community while working at WAA and give back volunteer time in various community activities including sports, charities and community groups.

Once again, WAA hosted a charity golf tournament in support of the Firefighters Burn Fund. With the help of the community, this tournament has allowed WAA to donate $285,000 to this worthy cause over the past 13 years.

WAA's continued support of Winnipeg Harvest's Grow-A-Row program included a challenge to other local community companies to pitch in and participate. WAA has donated more than 42,000 pounds of fresh vegetables in the 20 years we've participated.

Airport campus employees undertook a Christmas toy drive spear headed by one of our retail concessionaires, Paradies Shops. These toys were collected on behalf of The Christmas Cheer Board. In addition, WAA employees gathered together winter clothing and other essential items to donate to Siloam Mission.

As part of our community commitment, our employees embrace our annual fundraising campaign for United Way Winnipeg. This year the team raised over $61,000 through fun filled Spirit Days including the Annual Plane Pull, pancake breakfast, a tough trivia contest, chili cook off, a pizza lunch (complete with festive hats and costumes) and a bake sale.

WAA was a sponsor of the Royal Canadian Air Force run with several WAA employees participated. This run raises funds for two charities: Soldier On and Military Families Fund.

WAA's Queen Elizabeth II Aviation Scholarship was granted to a high school graduate in 2015. The recipient, one of our Silverwing Ambassadors, is planning to further his education in the field of aviation.

CUSTOMERS

Customer Experience

WAA interacts with the community and the travelling public in many ways; one unique way is our volunteer program. Our 105 Goldwing volunteers have been an integral part of the air terminal experience for our passengers since 1997 logging over 230,000 hours to date. Several high school students also participate in the Silverwings program as part of their curriculum each year logging approximately 1,000 hours in total. These friendly faces ensure travellers can find their way, locate services or just ask questions in a variety of languages.

At various times throughout the year, WAA enlists the talents of musicians and artists from the community to perform in the air terminal building. One highlight of the year was the merry seasonal melodies in the arrivals hall of the air terminal building including everything from pianists to choirs to brass bands to a harpist. To add to the festive spirit of Festival du Voyageur, visitors to Winnipeg were greeted by local French musicians as an introduction to the pioneer spirit of the festival.

WAA cares about the opinions of our community and the travelling public. In order to understand their needs, surveys are conducted at various times throughout the year regarding the services and amenities in the air terminal building. Those survey results are benchmarked against airports all around the world. WAA is proud to rank very well compared to similar sized airports and strives to continuously improve using this important feedback tool.

One example of improvement relates to the free WiFi service in the air terminal building. WAA had received feedback that the coverage was not always robust so in 2015 additional access points were added to boost the service levels.

Community

WAA continued our regional outreach by representing the province's primary airport at events in smaller communities across Manitoba, concentrating on areas in the southern part of the province. Representatives of WAA attended the Summer in the City festival in Steinbach, the Frog Follies and Agricultural Fair in St-Pierre-Jolys, and the Winkler Harvest Festival and Exhibition. Attendees were treated to a mini version of the famous Hug Rug and were given the opportunity to spin "the big wheel" to win WAA prizes.

In 2015 WAA hosted the inaugural "YWG: Your Winter Getaway Starts Here" as a means to bring local travel agents and potential travellers together. This event took place in the air terminal building in September just at the time when many Winnipeggers were beginning to research winter travel options. It also served to offer infrequent travellers the opportunity to come to the airport on a non-travel day, free of travel-related stress and anxiety.

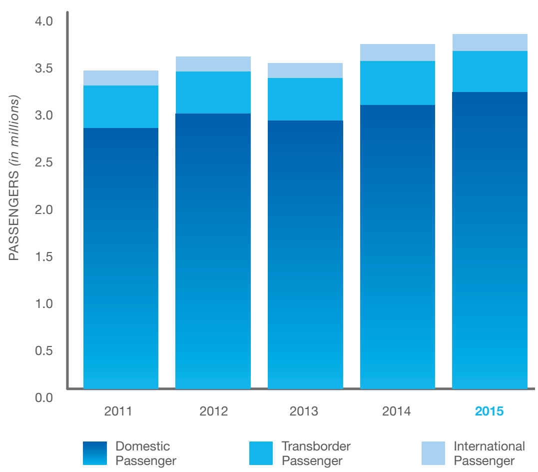
Enhancing options for travellers to reduce the stress and anxiety that some folks experience on travel days, WAA partnered with St. John Ambulance to launch a Therapy Dog Program. Although it is expected the program will expand, it has already become a hit with a wide range of customers, be they children or our business travellers.

The arrival of events like FIFA Women's World Cup and the Grey Cup were causes for celebration in the air terminal building and throughout the city. Events like these allow WAA to 'open our doors' to more residents of the city, as well as incoming passengers. Special events also provide opportunities to strengthen WAA's relationship with our community and to support different community organizations.

The Hub magazine continues to provide airport visitors with behind-the-scenes stories of airport life, as well as information about regional, domestic and international destinations. Photographs and selfies of the magazine with travellers continue to roll in from all over the world.

Passenger Traffic

Despite the challenges in the Canadian economy, passenger traffic at the Winnipeg Richardson International Airport surpassed records for the second year in a row. This is a remarkable achievement given that seat capacity has actually been reduced on significant routes. Passenger traffic grew by 2.95 per cent compared to 2014. With such robust demand, this provides an opportunity for WAA to make a stronger case with the air carriers for additional capacity.



Carriers and Air Services

In 2015 Sunwing added a new seasonal route to Ixtapa-Zihuatanejo in Mexico, and excitement is building for WestJet's weekly service to London's Gatwick Airport beginning in spring 2016. A Canadian ultra-low-cost carrier, NewLeaf Travel Company, announced its decision to locate its headquarters in Winnipeg and operations are planned to begin in 2016.

Air Cargo

Changes were also underway for the cargo carriers that frequent Winnipeg Richardson International Airport as part of the scheduled freighter service. Cargojet has modified its operations by changing most of its smaller aircraft to larger, wide body aircraft. As a result of these changes, WAA undertook modifications of its main cargo ramp in order to best accommodate Cargojet's operations in Winnipeg.

Aircraft Movements

Commercial Services

Throughout 2015 WAA focused on two real estate related initiatives:

- Contract management to create parity between competitors.
- Consistent, calculated market evaluations positioned to balance like-minded properties.

These initiatives have given WAA the ability to level the playing field for tenants and have qualified our understanding of our partners' assets.

For land on the west side of the airport property, WAA has been setting the groundwork for a 260-acre development planned to include advanced manufacturing and other tenants who require airside access.

In line with the goal of providing healthier food selections for the travelling public, WAA has worked with its master concessionaire to initiate a strategic plan that revitalizes its food and beverage concession program. Focus has been placed on creating engaging spaces, coupled with healthier menu options. Construction commenced in mid fall and is scheduled for completion in early 2016.

Other new concession options were introduced in 2015 including:

- Green Carrot Juice Company – a local healthy brand which fits with WAA's mandate.
- Plaza Premium Lounge – a beautiful new paid-entry lounge offering a wide selection of both hot and cold food options, providing travellers with a great space to relax.

WAA's online parking system is used to market all parking product lines (Economy, Parkade, and Valet) at the airport. This system allows the Company to broaden its reach in terms of augmenting revenues, allowing the ability to bundle offerings inclusive of parking, priority line access, lounge discounts, etc. WAA continues to work with new partners to increase the influence this system has on travellers, to help shape behavioural efficiencies and to de-stress the travel experience.

SYSTEMS & PROCESSES

Client Facing Services

2015 saw an improvement in the function and level of service at the airport through the implementation of an ISO based quality management system in the airport operation centre, pass office and baggage operations centre. Part of these changes also included the transition to e-forms for pass office and other client facing services counters.

Parking/Ground Transportation

As part of our "Campus Crew" commitment to all those who work in and around the airport, an Employee Shuttle is now operating on a 24-hour basis during the winter months. WAA has embarked on significant changes in technology and processes regarding vehicle parking at the airport, aimed at improving the speed of the payment process and the efficient use of limited spaces.

Safety Management Systems

WAA has made significant inroads in reducing the number of "corrective action plans required" through the Safety Management System, and is actively addressing risks in a systemic and methodical manner. WAA has also developed an online training course for employees who operate vehicles on and around aprons, taxiways, and runways, establishing new standards for the Airside Vehicle Operators Permits (AVOP). The Transportation Safety Board has maintained the prevention of runway incursions as a priority for the aviation industry. This AVOP training course should improve the availability and thoroughness of the training for airport employees with the goal of reducing the risk of incursions occurring.

Health and Safety

As part of WAA's commitment to a safe environment for all employees, WAA completed the installation of physical fall protection railing systems on all eleven passenger-boarding bridges, meeting regulatory compliance with respect to safe work process and procedures while at height.

Our facility management team commissioned indoor air quality testing of various WAA facilities as well as domestic potable water testing. As part of WAA's commitment to Earth Hour, the team also implemented interior light usage reductions within the terminal.

Through an improvement to the auto hold-open devices at several locations, WAA enhanced the accessibility of the air terminal building for all passengers and employees.

WAA's continued commitment to employee safety included various training sessions for in high-voltage systems, confined space entry, arc flash and electrical safety, fall arrest/protection plus CPR and first aid.

Master Plan

WAA's 20-year Master Plan was updated and finalized in 2015. Ministerial approval was granted for the Land Use Plan that is a key component of this plan. The Master Plan allows WAA to plan for future needs in a cost effective and efficient manner. WAA will continue to work with the community as we work through the steps in this plan.

Infrastructure

WAA is responsible for the oversight of all construction project activity at the airport. These projects can range in size from a minor modification of electrical outlets to large scale airside pavement rehabilitation.

Among over 50 projects directly undertaken by WAA, a few highlights include:

- The final installation of a leading edge thermal view camera system for use by NavCanada in apron surveillance.
- A complete renovation of the WAA administration offices creating a work environment that is in line with principles of lean methodology and modern ergonomic studies.
- Project management and base building modifications of two new concessionaire tenants (Green Carrot and Plaza Premium Lounge) in the air terminal building.

In total there were 86 facility alteration permits issued in 2015. These permits are required for any alterations to the airport facilities and involve a thorough review of the proposed change from the perspective of potential impact to information technology, airport operations and ambiance, as well as impact on any other commercial activity. As part of the construction/project management activities, over 700 CAD drawings were generated in 2015, ranging from building layouts to detailed designs required as input to construction tenders.

Environmental Management

The Company has embraced the principles of sustainability where its everyday business decisions must reflect being a responsible member of society and be mindful of the well-being of the planet. Simply put, sustainability for the Company is about doing the right thing.

Environmental Management System

The Company maintains an Environmental Management System (EMS) that aligns with the ISO 14001 Standard. The objectives of the EMS are to:

- Integrate sound environmental management into business practices.
- Comply with applicable environmental legislation and agreements.
- Continually improve performance through regular reviews and updates.
- Develop and promote initiatives that conserve energy and natural resources; reduce greenhouse gas emissions and waste; and avoid, reduce and control pollution.
- Engage key stakeholders, employees and the community on their concerns about environmental issues.

Airport Advisory Committee on the Environment

The Airport Advisory Committee on the Environment continues to meet to discuss environmental matters related to airport operations and development. In 2015, the committee met two times with no issues brought forward by the members.

Environmental Reviews

The Canadian Environmental Assessment Act requires the Company to review all airport development projects for their potential to cause significant adverse environmental effects. The Company reviewed and approved 53 projects to be carried out on airport lands in 2015. Mitigation measures were incorporated for any project that could potentially cause minor environmental effects.

Waste Management

The Company follows the Avoid-Reduce-Reuse-Recycle philosophy to reduce the volume of waste sent to the landfill. A partnership was established with the Canadian Beverage Container Recycling Association to refurbish the existing public recycling stations. The stations were equipped with bold new graphics and re-designed to accommodate mixed recyclables. The stations are more visible and accessible to the public and the graphics provide clear direction of which materials are recyclable in Manitoba and which are not.

An electronic waste (e-waste) program was established and is available to all airport tenants and staff. In 2015, 4190 kilograms of e-waste was captured and sent for recycling. The Company also maintains several recycling programs for items including but not limited to: glass, plastics, metals, paper, cardboard, wood pallets, select construction renovation and demolition waste, batteries, writing instruments, scrap metal, vehicle filters and batteries, tires and toner cartridges. Special items such as baggage carts, baggage tubs, office supplies and equipment and lost and found items are donated to local charities, including Habitat for Humanity and Winnipeg Harvest.

A comprehensive waste audit was undertaken in 2015 that identified further opportunities to improve the Company's waste management program and goals. Organic waste was determined to be a priority for management moving forward.

Emissions Management

The Company continues to monitor greenhouse gas emissions and determine innovative reduction strategies to continue on the path towards becoming a carbon neutral facility. In 2015, the Manitoba government announced that it will partner with the Company and invest in the installation of new electric vehicle charging stations at the airport. The charging stations will support airport staff and community members that have taken the initiative to transition to cleaner, more efficient technology. The partnership will also reduce airport greenhouse gas emissions and the consumption of fossil fuels.

Sustainable Procurement

The Company established a revised procurement policy which highlights a cradle-to-grave approach to asset management. The policy ties in sustainable procurement strategies such as purchasing local or national goods and/or services which promote pollution prevention, social responsibility, conservation of energy and natural resources, as well as sustainable development. Preference will be given to suppliers and vendors who have environmental/sustainable certifications and policies.

Sustainable Development

Winnipeg Richardson International Airport was the first Canadian airport to receive LEED certification and a plaque was unveiled in the air terminal building on Earth Day to commemorate this achievement Designed and built with the community's environment at heart, the airport adhered to green strategies from pre-construction onward. It incorporated elements such as high-efficiency lighting and water efficient fixtures, radiant flooring, and used regionally manufactured and recycled materials during construction. These are just a few of the innovative features that will significantly reduce the airport's carbon footprint, keeping our community and our environment fresh and clean for generations of travellers.

2015 FINANCIAL REVIEW

(In thousands of Canadian dollars)	2011	2012	2013	2014	2015
Revenue	$ 81,230	$ 87,512	$ 93,176	$ 103,138	$ 111,153
Operating Expenses[1]	32,995	36,490	40,063	48,824	49,500
Ground Lease Rent	5,483	5,977	6,418	7,024	7,399
Earnings Before Interest, Taxes & Depreciation	42,752	45,045	46,695	47,290	54,254
Depreciation	13,356	30,656	31,585	32,137	32,387
Earnings[2]	29,396	14,389	15,110	15,153	21,867
Capital Expenditures	$ 72,125	$ 32,464	$ 13,492	$ 23,452	$ 13,883

[1] – Operating Expenses excluding Ground Lease Rent and Depreciation
[2] – Earnings before Net Finance Expense and Share of Profit of Associates

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Company presents earnings before interest, taxes and depreciation (EBITDA), which is a financial measure with no standardized meaning under IFRS and therefore unlikely to be comparable to similar measure reported by other corporations. EBITDA provides additional information and should not be used as a substitute for other performance measures prepared in accordance with IFRS. Management uses EBITDA as an indicator to assess ongoing operational performance.

Operating Results

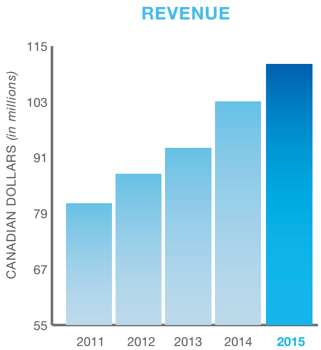
Revenue for the year was $111.2 million which is more than 8 per cent higher than in 2014. Record passenger levels and additional capacity added to the market resulted in increased revenue in Airport Improvement Fees, airfield and passenger processing revenue. The largest increase over 2014 was a result of the Company's activities in Nunavut where its subsidiary operates the Iqaluit International Airport. The Company's subsidiary, NASL has been the operator of Iqaluit International Airport since mid-2014 under a long-term service contract.

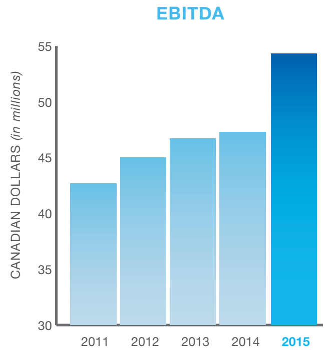
The largest increase in revenue arising from operations at Winnipeg Richardson International Airport is directly related to the record increase in passenger traffic with Airport Improvement Fees increasing by 3.9 per cent. This also led to an improvement in fees from airfield and passenger processing activities with an increase of 5.0 per cent. This increase is a result of increased activity combined with increases in fee levels.

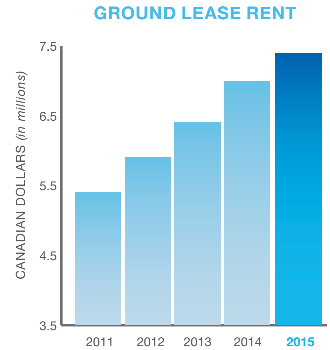
Related to increases in passenger activity levels, concessions and groundside revenues improved by 2.3 per cent or $0.4 million. Over and above the aviation related activities, real estate leases on the campus also performed well with total revenue of $6.8 million, an increase of 3.5 per cent over 2014.

Operating expenses, excluding depreciation, increased to $56.9 million, an increase of $1.1 million over the prior year or 1.9 per cent. The reason for the overall increase in expenses is due to operating costs at Iqaluit International Airport of $5.6 million for the year, compared to $2.5 million for the last five months of 2014. Operating costs, excluding depreciation, at Winnipeg Richardson International Airport actually decreased by $1.1 million compared to 2014 largely due to an agreed decrease in the property tax burden for the airport lands.

Ground lease rent paid to the Government of Canada as a percentage of gross revenue also increased by $0.4 million for 2015 to $7.4 million. This rent expense is calculated using a formula that increases the percentage rent as increased levels of revenue are earned by the Company.







Investments and Financing

Consistent with 2014, WAA holds an investment portfolio totaling $49.6 million at the end of 2015. The Company's investment strategy, managed by the Company's bank, is to maintain short to medium term bonds to match future cash flow requirements for capital investments.

Financing of capital investments is accomplished through several types of debt. The majority of the Company's debt is in Revenue Bonds totalling $611.6 million at December 31, 2015, a decrease of $6.7 million compared to 2014 due to principal repayments on the amortizing bonds. In addition, $2.9 million of lease financing for certain mobile assets, plus a long-term loan of $16.8 million from the Province through the Manitoba Industrial Opportunity Program were outstanding at December 31, 2015 (2014 - $21.3 million).

Capital Investments

Total capital expenditures for 2015 were $13.9 million (2014 - $23.5 million). Additions included new mobile airfield equipment, additional airside paving renovations to both the air terminal building and the administration building.

Cash Flow

Cash flow generated from operations was $26.7 million in 2015 compared to $15.0 million in 2014. The largest driver of this change was the change in earnings from a loss of $16.5 million in 2014 to a loss of $10.7 in 2015, an improvement of $5.8 million. The other significant change is an improvement in generation of non-cash operating working capital of $4.7 million compared to the 2014 amount of ($0.6) million.

Investing activities used $13.9 million of cash mostly to invest into capital improvements in property and equipment. There was a minor change in the amount held in investments of $0.8 million compared to the prior year increase of $9.1 million.

No additional debt was incurred in 2015 which means that financing activities were all related to debt reduction through principal payments of $8.7 million, compared to $8.2 million in 2014.

The net change in cash and cash equivalents during 2015 was an increase of $5.6 million. The ending balance of $31.7 million is held in cash equivalents of $19.8 million (2014 - $17.8 million) and cash in the bank of $12.0 million (2014 - $8.4 million).

FORECAST	2016	2017	2018	2019	2020
Passengers	3,834,291	3,891,805	4,016,343	4,132,817	4,252,669
Aircraft Movements	77,142	78,299	80,748	83,052	85,424
Debt Repayments *(In thousands of Canadian dollars)*	$ 9,577	$ 9,441	$ 9,293	$ 134,706	$ 10,008
Ground Lease Rent *(In thousands of Canadian dollars)*	$ 7,610	$ 8,003	$ 8,540	$ 9,010	$ 9,501

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Year ended December 31, 2015

The accompanying consolidated financial statements of Winnipeg Airports Authority Inc. have been prepared by management and approved by the Board of Directors of Winnipeg Airports Authority Inc.

Management is responsible for the preparation and representations contained in these financial statements and other sections of this Annual Report. The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. An Audit Committee comprised entirely of directors who are neither officers nor employees of the Company reviews the financial statements, the adequacy of internal controls, the audit process and financial reporting with management and the external auditors. The Audit Committee reports to the Board of Directors prior to the approval of the audited financial statements.

Winnipeg Airports Authority Inc. maintains appropriate systems of internal control, policies and procedures which provide management with reasonable assurance that assets are safeguarded and that financial records are reliable and form a proper basis for the preparation of financial statements.

Winnipeg Airports Authority Inc.'s independent auditors, PricewaterhouseCoopers LLP, have been appointed by the Members of the Authority to express their professional opinion on the fairness of these consolidated financial statements.

March 30, 2016

Barry W. Rempel
President and Chief Executive Officer

Catherine J. Kloepfer, FCPA, CGA, FCA
Senior Vice President, Corporate Services and
Chief Financial Officer

Consolidated Financial Statements of

Winnipeg Airports Authority Inc.

Year ended December 31, 2015

INDEPENDENT AUDITOR'S REPORT

March 30, 2016

pwc

To the Board of Directors of Winnipeg Airports Authority Inc.

We have audited the accompanying consolidated financial statements of Winnipeg Airports Authority Inc. and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2015 and the consolidated statements of operations, comprehensive income (loss), changes in equity and cash flow for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Winnipeg Airports Authority Inc. and its subsidiaries as at December 31, 2015 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants
Winnipeg, Manitoba
Canada

CONSOLIDATED BALANCE SHEET

As of December 31, 2015 (In thousands of Canadian dollars)

		2015		2014
Assets				
Current:				
Cash and Cash Equivalents	$	31,739	$	26,173
Accounts Receivable (note 5)		8,625		9,761
Prepaid Expenses		1,044		743
Current Portion of Financing Lease Receivable (note 10)		32		30
Inventory		1,556		1,562
		42,996		38,269
Non-Current:				
Property and Equipment (note 6)		673,537		691,305
Restricted Cash (note 7)		19,692		19,712
Investments (note 8)		49,610		50,484
Investments in Associates (note 9)		2,795		2,852
Financing Lease Receivable (note 10)		6,980		7,012
Other Assets		16,821		17,494
	$	812,431	$	827,128
Liabilities and Equity				
Current:				
Accounts Payable and Accrued Liabilities	$	22,941	$	19,694
Income Taxes Payable		653		34
Deferred Revenue		848		854
Current Portion of Long-Term Debt (note 14)		9,577		8,316
		34,019		28,898
Non-Current:				
Deferred Income Tax (note 18)		374		384
Post-Employment Benefits (note 16)		826		3,247
Long-Term Debt (note 14)		621,757		631,415
	$	622,957	$	635,046
Equity:				
Retained Earnings		190,452		200,537
Accumulated Other Comprehensive Loss (note 17)		(34,997)		(37,353)
		155,455		163,184
	$	812,431	$	827,128

Contingencies, Commitments & Guarantees (note 15)
The accompanying notes are an integral part of these financial statements

_____________________________ Director _____________________________ Director

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31, 2015 (In thousands of Canadian dollars)

	2015	2014
Revenue:		
Airport Improvement Fees (note 12)	$ 38,644	$ 37,202
Airfield	18,934	18,101
Passenger Processing	20,633	19,585
Groundside	14,018	13,931
Concessions	3,652	3,339
Leasing	6,833	6,603
Airport Management Contracts	6,848	2,955
Other	1,591	1,422
	111,153	103,138
Operating Expenses:		
Salaries and Benefits	20,332	17,633
Services and Repairs	17,299	16,936
Ground Lease Rent (note 10)	7,399	7,024
Supplies and Equipment	3,747	3,675
Other	3,046	2,380
Utilities	2,472	2,670
Property Taxes	1,882	4,807
Insurance	722	723
Depreciation	32,387	32,137
	$ 89,286	$ 87,985
Income before Investment Income, Net Finance Expense and Income Taxes	21,867	15,153
Share of (Profit) / Loss of Associates (note 9)	38	(165)
Net Finance Expense (note 14)	31,905	32,305
	(10,076)	(16,987)
Income Tax Expense of Subsidiaries:		
Current	653	34
Deferred (Recovery) (note 18)	(10)	(475)
	643	(441)
Net Loss	$ (10,719)	$ (16,546)

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

Year ended December 31, 2015 (In thousands of Canadian dollars)

	2015	2014
Net Loss	$ (10,719)	$ (16,546)
Other Comprehensive Income (Loss):		
Items Subsequently Reclassified to Profit or Loss		
Recognition of Loss on Previously Settled Cash Flow Hedges	2,469	2,373
Unrealized Loss on Available for Sale Investments	(113)	(643)
Items that will not be Reclassified to Profit or Loss		
Employee Benefit Plan Re-Measurements (note 16)	634	(4,667)
Comprehensive Loss	$ (7,729)	$ (19,483)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2015 (In thousands of Canadian dollars)

	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
Balance – January 1, 2014	$ (39,083)	$ 221,750	$ 182,667
Net Loss	-	(16,546)	(16,546)
Other Comprehensive Income			
Unrealized Loss on Available For Sale Securities	(643)	-	(643)
Employee Benefit Plan Re-Measurements	-	(4,667)	(4,667)
Recognition of Loss on Previously Settled Cash Flow Hedges	2,373	-	2,373
Balance – December 31, 2014	$ (37,353)	$ 200,537	$ 163,184
Net Loss	-	(10,719)	(10,719)
Other Comprehensive Income			
Unrealized Loss on Available For Sale Securities	(113)	-	(113)
Employee Benefit Plan Re-Measurements	-	634	634
Recognition of Loss on Previously Settled Cash Flow Hedges	2,469	-	2,469
Balance – December 31, 2015	$ (34,997)	$ 190,452	$ 155,455

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOW

Year ended December 31, 2015 (In thousands of Canadian dollars)

	2015	2014
Operating Activities:		
Net Loss	$ (10,719)	$ (16,546)
Adjustments for:		
Depreciation	31,651	32,137
Deferred Income Taxes	(10)	(475)
Non-Cash Interest Expense (note 14)	2,822	2,716
Post-Employment Benefit Funding in Excess of Expense	(1,787)	(2,113)
Share of (Profit) / Loss of Associates	57	(168)
Change in Non-Cash Operating Working Capital (note 22)	4,701	(564)
	26,715	14,987
Investing Activities:		
Additions to Property and Equipment	(13,883)	(23,452)
Loss on Disposal of Property and Equipment	-	86
Decrease (Increase) in Investments	761	9,086
Decrease in Financing Lease Receivable	30	28
Decrease in Restricted Cash	20	4
Decrease in Other Assets	673	867
	(12,399)	(13,381)
Financing Activities:		
Proceeds from Long-Term Debt, net of Financing Costs	-	1,224
Repayment of Long-Term Debt	(8,750)	(8,157)
	(8,750)	(6,993)
(Decrease) Increase in Cash and Cash Equivalents	5,566	(5,327)
Cash and Cash Equivalents, Beginning of Year	26,173	31,500
Cash and Cash Equivalents, End of Year	$ 31,739	$ 26,173
Cash and Cash Equivalents:		
Cash on Account	$ 11,981	$ 8,360
Cash Equivalents	19,758	17,813
Interest Paid	31,010	32,499
Interest Received	2,577	2,594

The accompanying notes are an integral part of these financial statements

Notes to the Consolidated Financial Statements of

Winnipeg Airports Authority Inc.

Year ended December 31, 2015

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Governing Statutes and Nature of Operations:

Winnipeg Airports Authority Inc. (the Company) is incorporated under the *Canada Not-for-Profit Corporations Act*. The address of the Company and its principal place of business is 249 – 2000 Wellington Avenue, Winnipeg, Manitoba, Canada R3H 1C2.

The Company operates the Winnipeg Richardson International Airport (the airport), and associated businesses in Winnipeg, Manitoba under a long-term lease with the Government of Canada (the Ground Lease) for the benefit of the community. Net income is used to fund airport capital improvements.

The Company is governed by a maximum fifteen member Board of Directors of whom eleven members are nominated by the City of Winnipeg, the Rural Municipality of Rosser, Economic Development Winnipeg, the Winnipeg Chamber of Commerce, The Assiniboia Chamber of Commerce and the Federal and Provincial governments, with the remaining members appointed by the Board from the community at large.

2. Basis of Presentation:

The Company prepares its annual financial statements in accordance with Canadian generally accepted accounting principles as set out in the Chartered Professional Accountants Canada Handbook – Accounting (CPA Handbook) which incorporates International Financial Reporting Standards (IFRS). The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of March 30, 2016, the date the Board of Directors approved the statements.

The IFRS that are effective for the first time for the financial year beginning on or after January 1, 2015 have been summarized in note 3.

3. Significant Accounting Policies:

The significant accounting policies used in the preparation of the consolidated financial statements are described below:

(a) Basis of Measurement:

These consolidated financial statements are prepared using the historical cost method, except for certain financial instruments measured at fair value, including available-for-sale investments.

(b) Principles of Consolidation:

The financial statements include the accounts of Winnipeg Airports Authority Inc. and its wholly-owned subsidiaries, Winnipeg Airport Services Corp., 5388946 Manitoba Ltd., and Nunavut Airport Services Ltd.

All inter-company balances and transactions have been eliminated on consolidation.

(c) Cash and Cash Equivalents:

Cash and cash equivalents include cash on account, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(d) Restricted Cash:

Restricted cash represents funds held by financial institutions relating to debt service reserves.

(e) Inventory:

Inventory is valued at the lower of cost and net realizable value. Cost is determined according to the average cost method for replacement parts and according to the first in, first out method for inventories.

(f) Leases:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included on the balance sheet as a finance lease obligation.

Finance lease payments are apportioned between financing costs and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Financing costs are recognized immediately in the statement of operations, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(g) Property and Equipment:

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Property and equipment include items such as improvements to leased land, runways, building and roadways. These assets will revert to Transport Canada upon the expiration or termination of the Ground Lease (note 10). No amounts are amortized longer than the lease term.

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates each part separately. Residual values, the method of depreciation and estimated useful lives of the assets are reviewed annually and adjusted if appropriate. Property and equipment are depreciated on a straight-line basis as follows:

Assets	Term
Civil infrastructure	10 to 40 years
Buildings and other structures	10 to 40 years
Vehicles, machinery and equipment	5 to 20 years
Technology	3 to 10 years

Assets under construction are not depreciated and are transferred to property and equipment when the asset is available for use.

Normal repairs and maintenance are expensed as incurred. Expenditures constituting enhancements to the assets by way of change in capacity or extension of useful lives are capitalized.

(h) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in financing costs in the period in which they are incurred.

(i) Investment in Associates:

The Company uses the equity method of accounting for investments in associates over which it has significant influence. The original investment is initially recorded at cost, and is subsequently increased or decreased to account for the Company's share of comprehensive income or loss of the investee company and is reduced by dividends received.

(j) Joint Arrangements:

Joint arrangements are assessed at the inception of the agreement based on the structure as well as the legal and contractual terms. Where the arrangement meets the definition of a joint operation, the results of the joint operation are proportionately consolidated. Where the arrangement meets the definition of a joint venture, the equity method of accounting is used.

(k) Impairment:

Property and equipment are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

The Company assesses at each year-end whether there is any objective evidence that its investments in associates are impaired. If so, the carrying value of the Company's share of the underlying assets of associates is written down to its net recoverable amount and the loss is charged to the consolidated statement of operations.

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

With the exception of available-for-sale equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the profit or loss in the period it arises to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(l) Revenue Recognition:

Revenue is recognized when it is probable that the economic benefits will flow to the Company and the related service has occurred, the sales price is fixed or determinable, and collectability is reasonably assured.

The Company's principal sources of revenues are comprised of revenue from the rendering of aeronautical activities, commercial activities, Airport Improvement Fees, real estate and other activities.

Airfield, passenger processing and groundside revenue are recognized as the airport facilities are used. Airport Improvement Fees are accrued based on the enplanement of passengers. Concession revenue is earned on a monthly basis and is recognized based on a percentage of sales or specified minimum annual guarantees. Leasing revenue is recognized straight-line over the duration of the respective agreements.

Airport management contract revenue is recognized as services are rendered. Scheduled equipment and capital purchases acquired on behalf of the airport contractor, in accordance with the terms of the contract, are recorded at the value of the funding, net of the actual purchase price in the statement of operations because the Company does not retain ownership of the equipment or other capital acquisitions.

(m) Post-Employment Benefit Obligations:

The Company sponsors defined benefit pension plans, defined contribution pension plans and other post-employment benefit plans on behalf of its employees.

The cost of defined benefit pension plans, other post-retirement and post-employment benefits earned by employees is actuarially determined annually as at December 31. The cost is determined using the projected unit credit method and assumptions including market interest rates, salary escalation, retirement ages of employees, mortality rates, and health care costs. Past service costs are recognized immediately in income. Gains and losses on curtailments or settlements are recognized in the period in which the curtailment or settlement occurs.

Net actuarial gains and losses are recognized immediately in other comprehensive income (loss) without subsequent reclassification to income. The current service cost and recognized element of any past service cost of employee benefits expense is recorded in salaries and benefits.

Certain of the Company's pension plans are subject to minimum funding requirements. The liability in respect of minimum funding requirements is determined using the projected minimum funding requirements, based on management's best estimates of the actuarially determined funded status of the plan, market discount rates and salary escalation estimates. The liability in respect of the minimum funding requirement and any subsequent re-measurement of that liability are recognized immediately in other comprehensive income (loss) without subsequent reclassification to income.

The amount recognized in the balance sheet at each year end reporting date represents the present value of the defined benefit obligation reduced by the fair value of plan assets. Any recognized asset or surplus is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions. To the extent that there is uncertainty regarding entitlement to the surplus, no asset is recorded.

Contributions to the Company's defined contribution pension plan are expensed as incurred.

(n) Financial Instruments:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial assets and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

All financial instruments measured at fair value are classified according to the following hierarchy:

- Level 1 Valuation based on quoted prices in active markets for identical assets or liabilities obtained from the investment custodian, investment managers or dealer markets.
- Level 2 Valuation techniques with significant observable market parameters including quoted prices for assets in markets that are considered less active.
- Level 3 Valuation techniques with significant unobservable market parameters.

All financial instruments are classified into one of the following five categories: held-for-trading, loans and receivables, held-to-maturity, available-for-sale and other financial liabilities. Initial measurement of financial instruments is at fair value, subsequent measurement of financial instruments depends on their classification. Transaction costs are expensed as incurred for financial instruments classified as held-for-trading.

The Company's cash and cash equivalents, restricted cash, accounts receivable and financing lease receivable are classified as loans and receivables. Bank indebtedness, accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities. Investments in short-term notes and bonds have been classified as available-for-sale.

Financial assets and liabilities classified as held-for-trading are measured at fair value at each reporting period with changes in fair value in subsequent periods included in net income. Financial assets and liabilities classified as loans and receivables and other liabilities are measured at amortized cost. The Company recognizes changes in fair value of loans and receivables only if realized or if impairment in the value of the financial asset occurs.

Financial assets and liabilities classified as available-for-sale are measured at fair value. Dividend and interest income on available-for-sale investments are recorded in net income when receivable. Changes in fair value are recorded in other comprehensive income (loss) until the investments are derecognized or impaired, at which time the amounts are recorded in net income.

Financing costs are included in the related long-term debt balances using the effective interest method.

Losses incurred upon the settlement of derivative contracts recognized as part of an effective hedging relationship are recorded in accumulated other comprehensive income (loss). These losses are recognized into income over the life of the previously hedged item.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of operations.

(o) Direct Financing Lease Receivable:
Finance income related to the direct financing lease is recognized in a manner that produces a constant rate of return on the investment in the lease. The investment in the lease for purposes of income recognition is composed of net minimum lease payments and unearned finance income.

(p) Other Assets:
Other assets consist of investments in real property development projects and are carried at amortized cost.

(q) Income Taxes:
The Company is exempt from income taxes, however its subsidiaries are taxable corporations and follow the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized based on expected future tax consequences of differences between the carrying amount of the balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

(r) Provisions:
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is managements' best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to settle the Company's present obligation.

Provisions for litigation and claims are recognized in cases where legal actions, proceedings and other claims are pending or may be instituted or asserted in the future against the Company which are a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required for the settlement and a reliable estimate of the obligation amount can be made.

(s) Future Changes in Accounting Policies:

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted. The Company has not yet assessed the impact of these standards and amendments.

(i) IAS 1 – Presentation of financial statements provides clarification on materiality and aggregation in the financial statements, including the presentation of subtotals, the structure of financial statements and disclosure of accounting policies.

(ii) IFRS 9 – Financial Instruments, effective January 1, 2018 addresses classification, measurement and recognition of financial assets and financial liabilities. It introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses.

(iii) IFRS 11 – Accounting for acquisitions of interest in joint operations, effective for years beginning on or after January 1, 2016. It amends IFRS 11 to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business.

(iv) IFRS 15 – Revenue from contracts with customers, effective years beginning on or after January 1, 2018. Its objective is to provide a single comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods and services to customers at an amount that the entity expects to be entitled to in exchange for those goods and services.

(v) IFRS 16 – Leases, effective for years beginning on or after January 1, 2019. This eliminates the dual accounting model for lessees such that all operating leases will be recorded on the balance sheet. This will impact the timing of recognition and nature of expenses associated with the lease agreements.

4. Critical Accounting Judgments and Estimates:

In applying the Company's accounting policies (note 3) management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

(a) Depreciation of Property and Equipment:

Critical judgments are utilized in determining depreciation rates and useful lives of property and equipment. Depreciation is calculated to write off the cost, less estimated residual value, of property and equipment on a straight-line basis over expected useful lives.

Estimates of residual value and useful lives are based on data and information from various sources including vendors, industry practice and Company-specific history. A change in any of the significant assumptions or estimates could result in a material change in the depreciation amount.

(b) Provisions:

The determination of a provision is based on the best available information and is subject to change based on new information. Provisions, if required, take into account the relevant facts and circumstances of each matter and the consideration of any legal advice obtained (note 15).

(c) Post-Employment Benefit Obligations:

The Company accounts for pension and other post-employment benefits in accordance with actuarial valuations. These valuations rely on statistical and other factors in order to anticipate future events. These factors include key actuarial assumptions including discount rates, expected salary increases and mortality rates. Actual results may differ from results which are estimated based on assumptions.

(d) Leases:

The Company accounts for its Ground Lease (note 9) as an operating lease. In consideration of the terms of the lease, the Company has concluded that the agreement does not transfer substantially all of the risks and rewards of the leased item to the Company. The agreement shows that the risks and rewards are substantially retained by the Lessor.

5. Accounts Receivable:

	2015	2014
Trade Accounts	$ 8,062	$ 9,246
Other Receivables	563	515
Total Accounts Receivable	$ 8,625	$ 9,761

Accounts receivable of $200 (December 31, 2014 - $107) were considered past due but not impaired. These amounts relate to a number of customers with no recent history of default.

6. Property and Equipment:

	Vehicles Machinery & Equipment	Technology	Buildings & Other Structures	Civil Infrastructure	Construction in Progress	2015 Total
Gross Value						
Balance, January 1, 2015	$ 53,358	$ 23,762	$ 179,510	$ 535,734	$ 13,091	$ 805,455
Additions	1,428	-	-	-	12,455	13,883
Transfers	625	784	15,097	8,275	(24,781)	-
At December 31, 2015	$ 55,411	$ 24,546	$ 194,607	$ 544,009	$ 765	$ 819,338
Accumulated Depreciation						
Balance, January 1, 2015	$ 14,741	$ 12,919	$ 33,447	$ 53,043	$ -	$ 114,150
Depreciation	4,151	4,350	9,428	13,721	-	31,651
At December 31, 2015	$ 18,892	$ 17,270	$ 42,874	$ 66,764	$ -	$ 145,801
Net Value at						
December 31, 2015:	$ 36,519	$ 7,276	$ 151,733	$ 477,245	$ 765	$ 673,537

	Vehicles Machinery & Equipment	Technology	Buildings & Other Structures	Civil Infrastructure	Construction in Progress	2014 Total
Gross Value						
Balance, January 1, 2014	$ 49,462	$ 23,323	$ 168,883	$ 528,229	$ 13,016	$ 782,913
Additions	1,829	439	-	-	21,184	23,452
Transfers	2,977	-	10,627	7,505	(21,109)	-
Disposals	(910)	-	-	-	-	(910)
At December 31, 2014	$ 53,358	$ 23,762	$ 179,510	$ 535,734	$ 13,091	$ 805,455
Accumulated Depreciation						
Balance, January 1, 2014	$ 11,485	$ 8,586	$ 24,318	$ 38,448	$ -	$ 82,837
Depreciation	4,080	4,333	9,129	14,595	-	32,137
Disposals	(824)	-	-	-	-	(824)
At December 31, 2014	$ 14,741	$ 12,919	$ 33,447	$ 53,043	$ -	$ 114,150
Net Value at						
December 31, 2014:	$ 38,617	$ 10,843	$ 146,063	$ 482,691	$ 13,091	$ 691,305

7. Restricted Cash:

		2015		2014
Debt Service Reserve	$	19,010	$	19,033
Construction Holdback		682		679
Total Restricted Cash	$	19,692	$	19,712

Under the terms of a Master Trust Indenture, the Company is required to maintain a debt service reserve to cover principal and interest payments to be made on the long-term bonds (note 14 [a]).

8. Investments:

		2015		2014
Short-Term Notes	$	4,616	$	4,564
Provincial Bonds		13,407		12,641
Corporate Bonds		31,108		32,798
Accrued Income		479		481
Total Investments	$	49,610	$	50,484

Coupon rates on investments range from 0.830 per cent to 5.505 per cent and have terms to maturity ranging from May 2016 to July 2021.

9. Investments in Associates:

		2015		2014
Investment in Affiliated Companies:				
Equity Accounted Investment	$	2,227	$	2,284
Preference Shares		568		568
	$	2,795	$	2,852

Preference shares of SRG Security Resource Group Inc. have a 5 per cent per annum cumulative dividend rate calculated on the issue price of the 568,092 preference shares of $568. The Company holds a put option to require the affiliated company to purchase the shares which is exercisable at any time. The option expires and terminates upon the date of completion of an initial public offering of the shares of the affiliated company. The price to be paid for the common shares is generally equal to the fair market value at that time. The price to be paid for the preference shares is equal to the redemption value of one dollar per share.

Name of Entity	Principal Activity	Place of Incorporation	Ownership %
SRG Security Resource Group Inc.	Security Services	Canada	35%
Winnipeg Airport Lands Corporation	Land Development	Canada	50%
Churchill Transportation Inc.	Airport Operations	Canada	50%
Compass Transportation Consultants Ltd.	Consulting	Canada	45%

Summarized financial information in respect of the Company's associates is set out below:

	2015	2014
Financial Position:		
Total Assets	$ 6,504	$ 6,540
Total Liabilities	1,284	1,290
Company's Share of Associates' Net Assets	2,395	2,406
Financial Performance:		
Total Sales and Other Revenues	14,793	13,906
Total Profit / (Loss) for the Year	(108)	472

The carrying value of the investments in associates relates to SRG Security Resource Group Inc.
During the year, the Company received $28 in dividends (2014 - $28).

10. Leases:

Operating Leases:

The Company as lessee: The airport lands are rented under a long-term lease entered into on December 31, 1996 with Transport Canada (Ground Lease). The lease is for a term of 80 years and can be terminated only in the event of default. The lease is on an "absolute net" basis allowing the Company peaceful possession of the leased lands. The rent relating to this lease is calculated by formula based on revenues of the Company as defined in the lease.

The estimated Ground Lease rent payments for the next five years are as follows:

2016	$ 7,610
2017	8,003
2018	8,540
2019	9,010
2020	9,501

The Company as lessor: The Company leases out, under operating leases, land and certain assets that are included in property and equipment. Many leases include renewal options and are subject to market price revision. The lessee does not have the possibility to acquire the leased assets at the end of the lease.

The estimated lease revenue for the next five years is approximately as follows:

2016	$ 7,003
2017	7,211
2018	7,925
2019	8,161
2020	8,404

Finance Leases:

The Company as lessee: Finance lease obligations which the Company has entered into are described in note 14. The net book value of those assets included in property and equipment and associated with finance lease obligations is $4,367 (2014 - $4,897).

The Company as lessor: The Company's net investment in the financing lease is:

	2015	2014
Total Minimum Lease Payments Receivable	$ 21,480	$ 22,732
Unearned Interest Income	14,468	15,690
	7,012	7,042
Current Portion	32	30
	$ 6,980	$ 7,012

11. Investments in Joint Operations:

The Company has entered into a joint arrangement to provide operational services at the airport. The arrangement meets the definition of a joint operation and is accounted for using proportionate consolidation. The intergroup profit has been eliminated and 50 per cent of the remaining operational results are consolidated.

	2015	2014
Financial Position:		
Total Assets	$ 286	$ -
Total Liabilities	243	-
Financial Performance:		
Total Sales and Other Revenues	271	-
Total Expenses	228	-

12. Airport Improvement Fees:

The Company charges Airport Improvement Fees (AIF) per local boarded passenger through an agreement with the Air Transport Association of Canada and major air carriers serving the airport. AIF revenue is collected by the airlines for the benefit of the Company and is recorded net of a 6 per cent handling fee. AIF revenues are used to pay for airport infrastructure development and related financing costs as jointly agreed with air carriers operating at the airport.

13. Credit Facilities:

The Company has authorized credit facilities with a Canadian chartered bank. Under the credit facilities the Company is provided with a revolving credit facility in the amount of $70 million. These facilities are secured under the Master Trust Indenture (note 14). They are available by way of overdraft, prime rate loans, or bankers' acceptances. As at December 31, 2015, the Company has not drawn on these facilities (December 31, 2014 - nil).

14. Long-Term Debt:

	2015	2014
Revenue Bonds Series A, 5.205%, due September 28, 2040, semi-annual blended principal and interest payments of $8,221 payable March 28 and September 28 of each year until maturity	$ 226,389	$ 230,665
Revenue Bonds Series C, 4.569%, due November 20, 2019, interest payable semi-annually on May 20 and November 20 of each year until maturity	124,417	124,308
Revenue Bonds Series D, 6.102%, due November 20, 2040, interest payable semi-annually on May 20 and November 20 of each year until maturity, semi-annual blended principal and interest payments commenced on May 20, 2011	161,368	164,029
Revenue Bonds Series E, 3.039%, due April 13, 2023, interest payable semi-annually on April 14 and October 14 of each year until maturity	99,458	99,375
Manitoba Industrial Opportunity Program	16,820	17,494
Finance Lease Obligation	2,882	3,784
Deferred Lease Payments	-	76
	631,334	639,731
Current Portion	9,577	8,316
	$ 621,757	$ 631,415

(a) Revenue Bonds:

The revenue bonds are direct obligations of the Company ranking pari passu with all other indebtedness issued under a Master Trust Indenture (MTI). All indebtedness, including indebtedness under bank credit facilities, are secured under the MTI by assignment of revenue and related accounts receivable, a security interest in the debt service reserve and certain accounts of the Company, and an unregistered mortgage of the Company's leasehold interest in the airport.

Under the terms of the MTI, the Company is required to establish and maintain with a trustee a debt service reserve (note 7) with a balance equal to at least 50 per cent of annual debt service costs. These trust funds are held for the benefit of the bond holders in accordance with the terms of the MTI. In addition the Company is required to maintain an operating and maintenance reserve of approximately $19 million. The operating and maintenance reserve may be satisfied by cash, letter of credit or the availability under a committed credit facility.

(b) Finance Lease Obligation:

The Company leases certain equipment with effective interest rates ranging from 3.25 per cent to 3.71 per cent over five year terms ending in 2019.

(c) Manitoba Industrial Opportunity Program Loan:

The loan is secured and repayable to the Province of Manitoba in equal monthly installments over 32 years, at 5.875 per cent interest.

(d) Deferred Lease Payments:

In accordance with an amendment to the Ground Lease (note 10), the Government of Canada deferred lease payments of $762. The deferred lease payments are repayable without interest on a straight line basis over a ten year period ending January 1, 2016.

(e) The Future Annual Principal and Interest Payments of Long-Term Debt are as follows:

	Principal	Interest
2016	**$ 9,577**	**$ 31,462**
2017	9,441	30,942
2018	9,293	30,431
2019	134,706	29,431
2020	10,008	23,651

(f) Net Financing Expense:

	2015	2014
Revenue Bond Interest	$ 33,612	$ 34,291
Other Interest and Financing Costs	203	497
Interest Income	(1,910)	(2,483)
	$ 31,905	$ 32,305

Revenue bond interest includes non-cash interest of $2,822 (2014 - $2,716) due to the amortization of deferred financing costs and settled cash flow hedges.

15. Contingencies, Commitments and Guarantees:

(a) Contingencies:

There are claims and disputes which the Company is involved with, arising from the airport site redevelopment project, the potential impact of which may be material.

Subsequent to an arbitration process, the Company has been found responsible for certain costs relating to the airport site redevelopment project. The amount of these costs will be based on a second phase of arbitration. For known costs associated with these claims, which the Company believes are valid and the likelihood is determinable, accruals have been made in the financial statements. Beyond those known costs, it is not practicable at this time to determine an estimate of the possible financial effect, uncertainties relating to the amount, timing of any outflows or the possibility of any cost recovery.

Also related to the airport site redevelopment project, other lawsuits and claims have arisen. The Company continues to work to resolve the claims through legal proceedings. The Company has filed counter claims but there is uncertainty relating to the claims as well as any amounts that may be recoverable. At this time, the amount of the obligation cannot be measured with sufficient reliability resulting from these lawsuits and claims and accordingly no provisions have been made in these financial statements.

(b) Subsidiary Guarantee:

The Company guarantees the operational performance of Nunavut Airport Services Ltd., a wholly owned subsidiary, under a contract to provide airport operations, maintenance services and lifecycle rehabilitation to Iqaluit International Airport to December 31, 2047 up to a maximum of $18.8 million, partially secured by a letter of credit of $3.8 million.

(c) Director and Officer Indemnity:

The Company has agreed to indemnify its directors and officers to the extent permitted by law against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by them as a result of any lawsuit or any other judicial administrative or investigative proceeding in which they are sued as a result of their service as long as they have acted honestly and in good faith. These indemnification claims will be subject to any statutory or other legal limitation period.

16. Post-Employment Benefit Plans:

The Company sponsors defined benefit pension plans and other post-employment benefit plans on behalf of its employees. The plans provide benefits to members in the form of a guaranteed level of pension payable for life. All of the plans have similar risk characteristics and operate under the same regulatory framework. The level of benefit payable depends on members' length of service and their salary in the final years leading up to retirement.

The responsibility for the governance of the plans lies with the Company, including overseeing contribution schedules and investment decisions. The plan assets are held in trust and governed by federal regulation. The Company has a pension committee to assist in the management of the plans.

Effective December 31, 2013 the defined benefit plans were closed to new members and a defined contribution plan began on January 1, 2014. The defined benefit plans will continue to operate for existing members.

Information for the post-employment benefit plans, based on the latest actuarial reports, measured as of December 31 is as follows:

	Defined Benefit Pension Plans		Other Post Employment Plans	
	2015	2014	2015	2014
Change in Defined Benefit Obligation:				
Balance, Beginning of Year	$ 61,505	$ 51,251	$ 3,724	$ 3,867
Current Service Cost	2,396	1,861	130	323
Employee Contributions	414	394	-	-
Interest Cost	2,419	2,397	121	157
Re-Measurements:				
Loss (Gain) recognized from Changes in Economic Assumptions	-	7,194	-	(87)
Loss (Gain) recognized from Experience	80	541	-	(866)
Loss (Gain) recognized from Changes in Demographic Assumptions	-	(546)	-	1,116
Benefits Paid	(2,075)	(1,587)	(703)	(786)
Balance, End of Year	$ 64,739	$ 61,505	$ 3,272	$ 3,724
Change in Fair Value of Plan Assets:				
Fair Value, Beginning of Year	$ 61,982	$ 54,425	$ -	$ -
Interest Income	2,520	2,640	-	-
Re-Measurements:				
Return on Plan Assets, excluding any amounts included in Interest Income (Expense)	714	2,685	-	-
Contributions:				
Employer	3,720	3,521	-	-
Plan Participants	414	394	-	-
Benefits Paid	(2,075)	(1,587)	-	-
Administrative Expenses	(90)	(96)	-	-
Fair value, End of Year	$ 67,185	$ 61,982	$ -	$ -
Funded Status:				
Plan Surplus (Deficit)	$ 2,446	$ 477	$ (3,272)	$ (3,724)
Accrued Pension Asset (Liability)	$ 2,446	$ 477	$ (3,272)	$ (3,724)

The Company's net benefit plan (income) expense is as follows:

	Defined Benefit Pension Plans		Other Post Employment Plans	
	2015	2014	2015	2014
Net Benefit Plan Cost:				
Current Service Cost	$ 2,396	$ 1,861	$ 130	$ 323
Net Finance Expense relating to Employee Benefits	(101)	(243)	121	157
Administrative Expenses	90	96	-	-
Net Benefit Plan Expense recognized	$ 2,385	$ 1,714	$ 251	$ 480
Actual Return on Plan Assets	$ 3,234	$ 5,325	$ -	$ -
Amounts recognized in Other Comprehensive Income (Loss):				
Re-Measurements	$ 634	$ (4,504)	$ -	$ (163)
	$ 634	$ (4,504)	$ -	$ (163)
Cumulative Re-Measurements recognized in Other Comprehensive Income (Loss):				
Cumulative Amount, Beginning of Year	$ 8,835	$ 4,331	$ (1,515)	$ (1,678)
Recognized	(634)	4,504	-	163
Cumulative Amount, End of Year	$ 8,201	$ 8,835	$ (1,515)	$ (1,515)

The significant weighted average assumptions used are as follows:

	2015	2014
Defined Benefit Obligation:		
Discount Rate	4.0%	4.0%
Long-Term Average Rate of Compensation Increase	3.0%	3.0%
Long-Term Average Rate of Health Benefit Cost Increase		
Initial Trend Rate	8.1%	8.5%
Annual Decrease	0.4%	0.4%
Ultimate Trend Rate	4.5%	4.5%
Year of Ultimate Trend Rate	2024	2024
Benefit Costs:		
Discount Rate	4.0%	4.0%
Long-Term Average Rate of Compensation Increase	2.5%	2.5%

The sensitivity of the defined benefit obligation (DBO) to changes in assumptions is set out below. The effects on each plan of a change in an assumption are weighted proportionately to the total plan obligations to determine the total impact for each assumption presented.

		Impact on Defined Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount Rate	1.00%	$ (10,400)	$ 13,570
Salary Growth Rate	1.00%	$ 2,116	$ (1,826)
Life Expectancy	1 year	$ 1,737	$ (1,749)

Each sensitivity analysis is based on changing one assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the DBO to variations in actuarial assumptions, the same method has been applied as for calculating the liability recognized.

The plans' assets consist of the following asset mix:

	2015	2014
Equity Funds	52%	50%
Debt and Mortgage Funds	41%	43%
Real Estate Funds	7%	7%

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility: The plans' liabilities are calculated using a discount rate set with reference to corporate bond yields; if the plans' assets underperform this yield, this may create a deficit.

Changes in Bond Yield: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation Risk: The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plans' assets are either unaffected by fixed interest bonds or loosely correlated with equities inflation, meaning that an increase in inflation will also increase the deficit, or reduce the surplus.

Life Expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The investment positions are managed within an asset-liability matching that has been developed to achieve long-term investments that are in line with obligations under the pension plans. The Company monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. Investments are diversified such that the failure of any single investment would not have a material impact on the overall level of assets.

The effective date of the most recent actuarial valuation for funding purposes was December 31, 2015 for all plans and the next required valuation will be as of December 31, 2016. Based on most recent actuarial valuations, during 2016 the Company expects to contribute $3.7 million in cash to the defined benefit pension plans and $nil in cash to the other post-employment plans.

Contributions to the defined contribution pension plan were $58 during the year (2014 - $28).

17. Accumulated Other Comprehensive Income:

Accumulated other comprehensive income (AOCI) includes the recognized loss on previously settled cash flow hedges and unrealized changes in fair value of available-for-sale investments. The components of AOCI are as follows:

	2015	2014
Recognized Loss on Previously Settled Cash Flow Hedges	$ 34,060	$ 36,529
Unrealized Changes in Fair Value of Available For Sale Investments	937	824
	$ 34,997	$ 37,353

18. Deferred Income Taxes:

Deferred income taxes of $10 (2014 - $475) have been recognized in respect of a temporary difference associated with the Company's subsidiary's investment in an associate. The change in the Company's deferred tax balance has been recognized in income.

19. Financial Instruments:

Fair Value:

The fair value of cash and cash equivalents, restricted cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities approximates their carrying value due to their relatively short-term to maturity. The fair value of other financial instruments is as follows:

	2015	2014
Assets		
Finance Lease	$ 7,044	$ 7,070
Investments		
Short-Term Notes	4,616	4,564
Provincial Bonds	13,407	12,641
Corporate Bonds	31,108	32,798
Liabilities		
Revenue Bonds Series A	266,129	266,228
Revenue Bonds Series C	139,469	138,606
Revenue Bonds Series D	205,363	210,168
Revenue Bonds Series E	104,896	101,624
Manitoba Industrial Opportunity Program Loan	24,900	26,478
Finance Lease Obligation	2,831	3,768

The fair value of the finance lease, revenue bonds, Manitoba Industrial Opportunity Program loan and finance lease obligation is determined through current market rate yield calculations. The fair value of investments in short-term notes and bonds are based on current market yields and traded values in the market and are classified as level 2 investments.

Risk Management:

The Company is exposed to a number of risks as a result of the financial instruments on its balance sheet that can affect its operating performance. These risks include liquidity risk, credit risk, interest rate risk and concentration risk. The Company's financial instruments are not subject to foreign exchange risk or other price risk.

Liquidity Risk:

The Company manages its liquidity risks by maintaining adequate cash and credit facilities, by updating and reviewing multi-year cash flow projections on a regular and as-needed basis, and by matching its long-term financing arrangements with its cash flow needs. In view of its credit ratings (Moody's: A2 and Standard & Poors: A), the Company has ready access to sufficient long-term funds as well as committed lines of credit through credit facilities with a Canadian bank. The future annual principal payment requirements of the Company's obligations under its long-term debt are described in note 14.

Credit and Concentration Risks:

The Company is subject to credit risk through its cash and cash equivalents, restricted cash, accounts receivable and investments in the event that the counterparty defaults. The Company manages this exposure by contracting only with financial institutions that maintain a very high credit rating, and therefore considers the exposure to be low.

The Company performs ongoing credit valuations of its accounts receivable balances and maintains valuation allowances for potential credit loss. The investments are limited to short-term and medium-term debt instruments with high quality credit ratings in order to minimize credit exposure.

The Company derives a substantial portion of its revenues from airlines through airfield and passenger processing fees and through airlines' collection of airport improvement fees on its behalf. The Company's right under the *Airport Transfer (Miscellaneous Matters) Act* to seize and detain aircraft until outstanding aeronautical fees are paid mitigates the risk of credit losses.

Passenger activity at the airport is approximately 91 per cent origin and destination traffic, and although there is concentration of service with three air carriers, the Company believes that any change in the airline industry will not have a significant impact on revenues or operations. In addition, the Company's unfettered ability to increase its rates and charges mitigates the impact of these risks.

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash equivalents and restricted cash are subject to floating interest rates. Management has oversight over interest rates that apply to its cash equivalents and restricted cash. These funds are invested from time to time as permitted by the Master Trust Indenture, while maintaining liquidity for purposes of investing in the Company's capital programs. The fair value of short-term and medium-term investments will fluctuate with changes in interest rates.

	2015		2014	
	Carrying Value	Effective Year End Interest Rate	Carrying Value	Effective Year End Interest Rate
Cash Equivalents	$ 19,758	1.01%	$ 17,813	1.08%
Debt Service Reserve Fund	$ 19,010	0.38%	$ 19,033	0.60%

If interest rates had been 50 basis points (0.50%) higher/lower and all other variables were held constant, including timing of expenditures related to the Company's capital expenditure programs, the Company's earnings for the year would have increased/decreased by $473 as a result of the Company's exposure to interest rates on its floating rate assets.

The Company has entered into fixed rate long-term debt, and accordingly, the impact of interest rate fluctuations has no effect on interest payments. However, changes in prevailing benchmark interest rates and credit spreads may impact the fair value of this debt.

20. Related Party Transactions:

The Company's related parties include key management personnel, the post-employment benefit plans for the Company's employees (note 16), as well as investment in associates. None of the transactions incorporate special terms and conditions and no guarantees were given or received.

In 2015, the Company paid $5,070 ($5,293 in 2014) to associates for operational services.

Transactions with Key Management Personnel

Key management includes the Board of Directors, the President and Vice Presidents. Compensation paid, payable or provided by the Company to key management personnel during the year were as follows:

		2015		2014
Salaries and Short-Term Benefits	$	1,486	$	1,336
Post-Employment Benefits		89		84
Total	$	1,575	$	1,420

21. Capital Management:

The Company is incorporated without share capital under the *Canada Not-for-Profit Corporations Act* and, as such, net income is retained and reinvested in airport operations and development. Accordingly, the Company's only sources of capital for investing in airport operations and development are bank debt, long-term debt and accumulated earnings included on the Company's balance sheet as retained earnings. The Company incurs debt to fund development; it does so on the basis of what it considers affordable based on revenues from AIF and in order to maintain a minimum debt service coverage ratio. This provides for a self-imposed limit on what the Company can spend on major development of the airport.

The Company manages its rates for aeronautical and other fees to safeguard the Company's ability to continue as a going concern and to maintain a conservative capital structure. It makes adjustments to these rates in light of changes in economic conditions and events, and to maintain sufficient net income to meet ongoing debt coverage requirements.

22. Working Capital:

Changes in non-cash working capital are as follows:

		2015		2014
Accounts Receivable	$	1,136	$	(496)
Prepaid Expenses		(301)		(78)
Inventory		6		(583)
Accounts Payable and Accrued Liabilities		3,247		433
Income Taxes Payable		619		34
Deferred Revenue		(6)		126
	$	4,701	$	(564)

2015
Annual Public Meeting

Winnipeg Airports Authority's Annual Public Meeting will be held:

APRIL 27, 2016
Wednesday
9:00 am

INN AT THE FORKS
75 Forks Market Road
Winnipeg, MB

We invite the community to attend and meet the Officers and Directors of the Company.

CORPORATE GOVERNANCE PRACTICES

Governance Principles

The Board recognizes that it has stewardship responsibility of a valuable community resource. The Board has implemented a corporate governance framework that aligns with best practices for effective corporate governance. This has resulted in a governance system that rests on the following four principles:

1. Accountability
2. Clear delineation of responsibilities between the Board and Management
3. The full Board, not Board committees, is involved in decision making
4. Transparency

Board Committees

The Board has organized its affairs around two standing committees – Governance and Audit. They are complemented by the use of Task Forces on an as required basis to deal with particular matters. The full Board meets on a regular basis at least six times a year.

The mandate of the Governance Committee is to assist the Board in effectively meeting its responsibilities.

The Audit Committee attends to matters that are financial and/or risk related.

Public Accountability Principles

Incorporated into the Company's By-law is a set of accountability principles that were accepted by the Board as part of the airport transfer conditions. Following is a summary of these principles.

Board Composition

The Board is composed exclusively of unrelated, non-management Directors. Eleven members of the Board of Directors are nominated by seven different public and private sector agencies:

City of Winnipeg (3)
The Assiniboia Chamber of Commerce (1)
Province of Manitoba (1)
Rural Municipality of Rosser (1)
Government of Canada (2)
Economic Development Winnipeg (1)
Winnipeg Chamber of Commerce (2)

A maximum of four members may be nominated by the Board of Directors.

The Board cannot consist of fewer than seven or more than 15 members at any time.

Qualification and eligibility requirements of Board members:

- A Director may serve for a term not exceeding three years and that no more than three terms (or nine years) may be served.
- Directors can be neither elected to nor employed by any level of government.
- No Director can be an elected official or government employee at any time during the two years prior to becoming a Director.

Community Consultative Committee

WAA has a community consultative committee (CCC) to provide for effective dialogue and dissemination of information on various matters, including airport planning, operational aspects of the airport and municipal concerns. The CCC meets at least twice a year and is comprised of members who are generally representative of the community, including persons representing the interests of consumers, the travelling public and organized labour, aviation industry representatives and appropriate provincial and municipal government representatives.

Corporate Reporting & Disclosure

- WAA has adopted a Code of Conduct and Conflict of Interest Policy. All Directors sign an attestation on an annual basis indicating knowledge of and compliance with this policy.
- WAA discloses non-arm's length transactions.
- Directors make a general report annually to their respective Nominator and the Board reports collectively to all Nominators.
- The Board has a self-evaluation process in place to review the performance of the Board and Board committees. As a general practice, Winnipeg Airports Authority optimizes the use of Canadian resources and supplies and employs a competitive process for contracts in excess of $75,000 (1994 dollars).
- One third of the Board of WAA is female.
- In the event WAA increases airport user charges it provides advance public notice.
- Full audits in accordance with generally accepted auditing standards are conducted and Transport Canada has the right at any time to cause a complete audit to be conducted.
- WAA publishes its Annual Report and includes specific performance comparisons and discloses the remuneration paid to Board members and to its senior officers. The Annual Report is distributed in advance of the Annual Public Meeting to all Nominators and the Minister of Transport.
- At least once every five years WAA conducts a comprehensive independent review of WAA's management operation and financial performance by a qualified independent person. The report is distributed on a timely basis to the Minister of Transport and to each Nominator and is available to the public on request.
- WAA provides for public access to the Airport Master Plan, five-year business plan, past five-year annual financial statements and business plans, incorporation documents, and all signed airport transfer agreements.

WAA Board of Directors 2015

Nominated by the City of Winnipeg

D. Greg Doyle, FCPA, FCA, Corporate Director
Don Price, Corporate Director
Kimberley Gilson, Partner
Duboff, Edwards, Haight & Schachter Law Corporation

Nominated by the Assiniboia Chamber of Commerce

Gerry Glatz, Owner
Teledisc Systems

Nominated by Economic Development Winnipeg Inc.

Paul Soubry, President & CEO
New Flyer Industries

Nominated by the Government of Canada

Ross Robinson, President & CEO
B.A. Robinson Group
Don Boitson, Vice President North American Operations
Magellan Aerospace Ltd.

Nominated by the Province of Manitoba

Eugene Kostyra, Corporate Director

Nominated by the Rural Municipality of Rosser

Thomas Payne Jr., (Chair) President
Payne Transportation LP

Nominated by the Winnipeg Chamber of Commerce

Sangeet Bhatia, CPA, CA, CMC, Partner, Consulting
Deloitte Inc.
BJ Reid, FCPA, FCA, (Vice-Chair) Chief Financial Officer, Mutual Funds & Vice President, Fund Services
Investors Group

Appointed by the WAA Board

Brita Chell, FCPA, FCA, Chief Financial Officer
G3 Canada Limited
Janice Filmon, Corporate Director
David Friesen, Chairman
Friesens Corporation
Arthur Mauro, (Chair Emeritus) Corporate Director
Gord Peters, President
Cando Rail Services Ltd.
Donna Price, FCPA, FCGA, Corporate Director

2015 Board Attendance

	Board Meetings			Governance Committee Meetings		
	Eligible	Attended	Telephone	Eligible	Attended	Telephone
Sangeet Bhatia	5	4		4	2	1
Janice Filmon[1]	1		1	1	1	
David Friesen	7	7		5	4	1
Kimberley Gilson	7	6		5	3	1
Tom Payne Jr.	7	7		5	3	1
Donna Price	5	5		4	2	2
Ross Robinson	7	6	1	5	4	1
Paul Soubry	7	7		5	1	3
				Audit Committee Meetings		
Don Boitson	7	4	2	5	3	
Brita Chell[3]	5	4		2	2	
D. Greg Doyle	7	7		5	5	
Gerry Glatz	7	7		5	5	
Eugene Kostyra	7	7		5	5	
Gord Peters[2]	7	5	2	3		2
Don Price	7	6	1	5	3	2
BJ Reid	7	7		5	5	

1 Resigned March 24, 2015

2 Audit committee membership term began on April 1, 2015

3 Audit committee membership term began on July 21, 2015

Board of Directors Compensation for 2015

Sangeet Bhatia	$	12,600	Eugene Kostyra	$	19,983
Don Boitson		16,083	Tom Payne Jr.		43,367
Brita Chell		12,000	Gord Peters		15,550
D. Greg Doyle		27,583	Don Price		18,933
Janice Filmon		4,233	Donna Price		13,500
David Friesen		23,933	BJ Reid		19,983
Kimberley Gilson		16,900	Ross Robinson		18,633
Gerry Glatz		19,983	Paul Soubry		17,433
			Total	$	300,697

Executive Officers 2015

Barry Rempel, President and Chief Executive Officer
Catherine Kloepfer, Senior Vice President Corporate Services and Chief Financial Officer
Pascal Bélanger, Vice President and Chief Commercial Officer
Vince Dancho, Vice President Operations

The base compensation range for the President & CEO is $275,000 to $375,000.
The base compensation range for Vice Presidents is $160,000 to $275,000.

Single Source Contracts

During 2015 contracts were awarded in excess of $105,000 ($75,000 in 1994 dollars) outside of a competitive process for the reasons indicated in the following table:

Vendor	Description	Value	Basis for selection
Federated Co-Op	Fuel	$ 686,400	G
Altec Industries	Airfield Equipment	$ 331,000	E
Joe Johnson Equipment	Mobile Equipment	$ 321,600	E
Republic Architecture	Terminal Modifications	$ 256,000	D
Antex Western	Terminal Modifications	$ 189,900	D
Battlefield Equipment	Mobile Equipment	$ 179,200	A
SM Industries	Pavement Repairs	$ 166,200	D
Dell	IT Equipment	$ 138,000	D
LSL Contracting & Materials	Jet Stone Sand	$ 129,100	B
Sage Consulting Group	Consulting	$ 126,000	F
Three Way Builders	Terminal Modifications	$ 123,800	D
Toromont Cat	Mobile Equipment	$ 119,100	A
Peter Hume Contracting Co	Terminal Modifications	$ 118,900	G
Advance Electronics	IT Equipment	$ 112,000	A
Tri-Tech Fall Protection Systems	Terminal Modifications	$ 109,000	D

Basis for Selection

A – The acquisition is part of an equipment standardization program.
B – The goods or services are of a proprietary nature or there is only one qualified supplier.
C – Safety, security or critical operating needs require urgent procurement.
D – The vendor was awarded a contract for goods or services as a result of previous competitive process and has no prior performance issues.
E – There is only one qualified vendor available when all factors are considered.
F – A strategic alliance/partnership can be formed with one vendor in order to take advantage of current technology and expertise.
G – An alliance/partnership can be formed with one supplier in order to significantly promote the strategic objectives.

Community Consultative Committee and their Affiliations

Dave Angus – President & CEO, The Winnipeg Chamber of Commerce
Hugh Eliasson – Deputy Minister of Finance and Deputy Minister of Entrepreneurship, Training & Trade, Province of Manitoba
Chief Ronald Evans – Norway House Cree Nation
Colin Ferguson – President, Travel Manitoba
Marina James – President & CEO, Economic Development Winnipeg
Doug McNeil – Chief Administrative Officer, City of Winnipeg
Lance Vigfusson – Deputy Minister, Infrastructure and Transportation, Province of Manitoba
Grand Chief Derek Nepinak – Assembly of Manitoba Chiefs
Jeff Traeger – President, United Food & Commercial Workers Union
Ken Webb – Executive Director, Manitoba Aerospace Association

Corporate Information

Auditors: PricewaterhouseCoopers LLP
Bank: Canadian Imperial Bank of Commerce
Legal Counsel: Aikins, MacAulay & Thorvaldson; Miller Thompson; Duboff Edwards Haight & Schachter; Fillmore Riley, and Taylor McCaffrey

WINNIPEG RICHARDSON INTERNATIONAL AIRPORT SERVICES

Passenger Carriers

Serving Main Terminal Building

Air Canada
Air Canada Jazz
(operating on behalf of Air Canada Express)
Air Transat
Bearskin Airlines
Calm Air
Delta Air Lines
Compass Airlines
(operating on behalf of Delta Air Lines)
Skywest Aviation
(operating on behalf of Delta Air Lines)
First Air
Sunwing Airlines
United Airlines
ExpressJet
(operating on behalf of United Airlines)
SkyWest Airlines
(operating on behalf of United Airlines)
WestJet
WestJet Encore

Other

6404805 Manitoba
Air Bravo
Air Georgian
Air Inuit
Air Ross
Air North Airlines
Air Nunavut
Allied Wings
Canadian Flyers International
Canadian North
Central Aviation
Chartright Air
Corporate Air
Enerjet
Execaire
Fast Air
Flair Airlines
FN Aircraft Limited Partnership
IFL Group
KAL Air
Keewatin Air
Keystone Air Service
Miami Air International
Midwest Aviation
Missinippi Airways
Morningstar Partners
Nolinor
Northway Aviation
ORNGE
PAL Air
Perimeter Aviation
PHL Holding
River Air
Skyservice Business Aviation
Sobeys Group
Skynorth Air
Sunwest Aviation
Superior Airways
Taiga Air Services
Thunder Airlines
The North West Company
West Wind Aviation

Air Cargo Carriers

Scheduled

Cargojet
DHL
(operated by Suburban)
Federal Express
Morningstar Air Express
Perimeter Aviation
Purolator
(operated by Kelowna Flightcraft)
UPS

Non-Scheduled

Air Bridge Cargo Airlines
Atlas Air Cargo
China Cargo Airlines
Japan Airlines
Korean Air Cargo
LAN Cargo
Singapore Airlines Cargo
Volga-Dnepr Airlines

Restaurants/Bars

Pre-Security

Harvey's
Stella's Café and Bakery
Tim Hortons

Post-Security Domestic

Freshii
Fuel Bar
Green Carrot Juice Company
Plaza Premium Lounge
Prairie Bistro
Skylights Lounge
Starbucks
Tim Hortons
True Burger

Post-Security Transborder

Tim Hortons Express
Urban Crave Restaurant and Lounge

Retailers

Pre-Security

ICE Currency Exchange
Liquor Mart Express
Red River News

Post-Security Domestic

Bentley
Best Buy Express
ICE Currency Exchange
Metalsmiths Sterling
PGA TOUR Shop
Red River News Express
Rocky Mountain Chocolate Factory
The Exchange News and Gifts with Toad Hall Toys
The Loop Duty Free

Post-Security Transborder

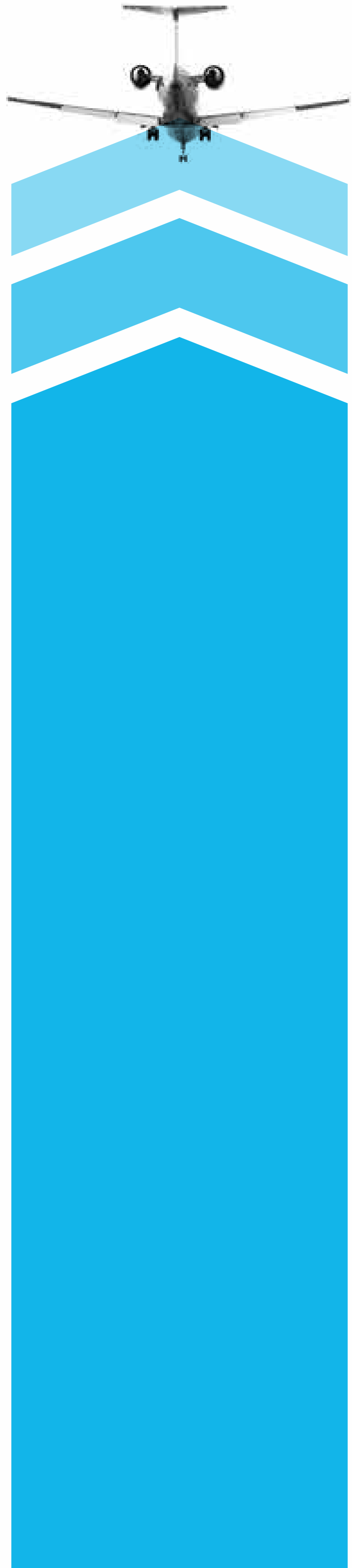
CNBC News
ICE Currency Exchange
The Loop Duty Free

Hotels

Courtyard by Marriott
Four Points by Sheraton
The Grand by Lakeview

Car Rentals

Avis/Budget/Payless Rent-A-Car
Enterprise Rent-A-Car
Hertz Rent-A-Car
National/Alamo Rent-A-Car



WINNIPEG
AIRPORTS AUTHORITY

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waa.ca