WINNIPEG
AIRPORTS AUTHORITY

Leading
Transportation
Innovation & Growth

2010 ANNUAL REPORT

Our Vision
To lead transportation innovation and growth

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

Our Values
Respect   Integrity   Service   Excellence

Our 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.

Expand air service to and from Winnipeg

To improve Manitoba’s link to the world, we will build on our 24 hour access and our intermodal connectivity.

Be an effective community partner

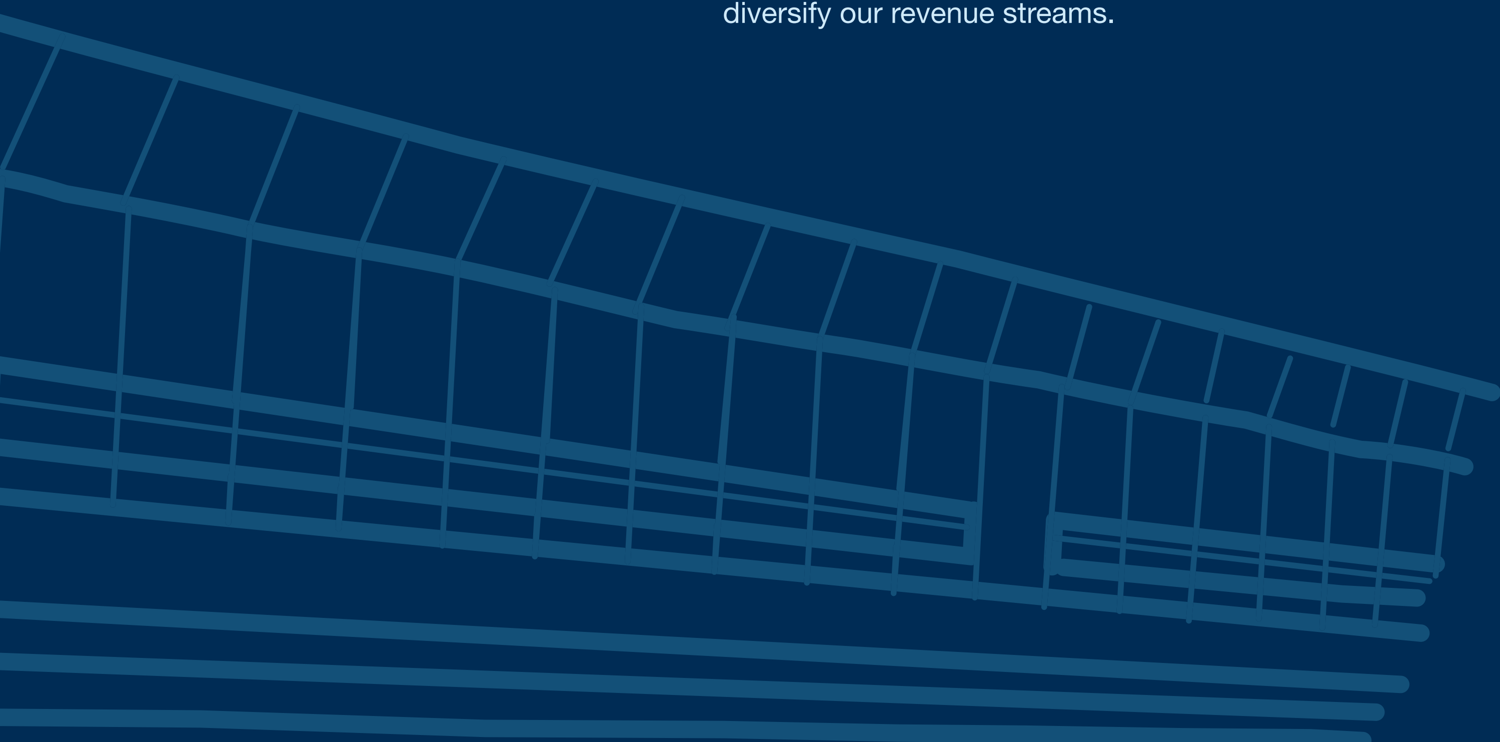
We will be a source of pride for our community and a leader in its growth and development.

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 our revenue streams.



A Message from the Board Chair

Mr. Thomas Bryk, Board Chair

When the Airports Authority assumed operation of our community's airport in 1997, we made a commitment to Manitobans to provide excellent, commercially viable airport services and facilities in partnership with our community. The vision of leading transportation innovation and growth has always been defined to be more than just providing safe and secure facilities.

We see the airport as more than steel and concrete, it is an economic facilitator—generating direct employment from air services and facilities, multiplying our economic impact by providing the connectivity needed for trade and tourism as well as direct employment through construction. We believe the Airports Authority has an obligation to be a leader—a leader in meeting the needs of our customers, our community and in championing initiatives important to our collective futures. We are a leader in operating a sustainable enterprise that balances the economic, social, and environmental impacts of what we do.

2010 marked important milestones in achieving that vision. Working with Management in providing strategic advice and support on leveraging the opportunities presented by airport site redevelopment, we realized tremendous growth by welcoming partners who joined with us to realize new business and employment opportunities. The region is well positioned for future growth and to benefit from the potential that new development brings.

As I commence my term as Chair, I do so understanding the great responsibility with which I have been entrusted. As the Board, we understand the role is to govern with integrity the management of the Winnipeg Airports Authority and its affiliated subsidiaries in the best interest of the community.

I wish to thank our immediate past Chair, Arthur Mauro for his leadership and for his contributions to so many of the successes of the corporation. He leaves the Board having completed three consecutive mandates, the maximum for a director. With a recent Board resolution appointing Dr. Mauro as Chair Emeritus, we anticipate maintaining access to his wise counsel.

In 2010, two other members also concluded terms on the Board of Directors. They are our immediate past Vice Chair Doug Harvey and Carl Havixbeck. We sincerely thank them for their contribution to the Board's work and to the evolution of the Corporation.

The Board welcomed Tom Payne Jr., Sanford Riley and Paul Soubry as members proposed by the R.M. of Rosser, the City of Winnipeg and Economic Development Winnipeg, respectively.

2011 is an important year in the life of our corporation. The board will hold its bi-annual planning session and validate long term strategic directions.

I am honoured to have been asked to serve as Chair of the Authority. I wish to thank all stakeholders for their continued support of the company as we build our campus and with it our community's connectivity to the world.

A Message from the President & CEO

Mr. Barry Rempel, President & CEO

In an ever changing environment, recent years have included great success in terms of work environment, financial health, investments, reputation and indeed Manitoba's place in the world of trade. This success was the realization of a shared vision and teamwork within the Board of Directors and management.

The coming years will see completion of several projects, some underway and others on the horizon, such as the opening of the new air passenger terminal building and further growth of the airport campus. Both will undoubtedly contribute to the realization of Winnipeg as an Airport City. In the longer term, Canadian industry requires a new policy environment which recognizes the reality of and requirement for global competitiveness.

Within the corporation, the team at Winnipeg Airports Authority remains focused on fulfilling our mission of providing excellent airport services and facilities in a fiscally prudent manner. Working with community and business partners to continue growing air services and expanding the airport campus will be critical to ensuring sustainability and meeting this region's requirement for connectivity to the global community. The growth, while providing a greater base of business and employment, also contributes to the diversification of our revenues, ensuring competitive services for airlines and travelers alike.

Competitiveness, not just of airport fees and charges but of Canada's transportation policy is critical when looking to encourage airlines to do business in Manitoba; providing travelers and shippers with a greater choice of destination options.

And while campus growth remains a priority, we do so by focusing on superior customer service. It is historically evident that our greatest successes can be attributed to understanding the customers' needs and striving to meet or exceed them.

I would be remiss in not highlighting that the success of 2010 occurred in the midst of difficult economic conditions and could not have happened without an incredibly engaged employee group. WAA staff displayed diligence and creativity, often behind the scenes, in an environment that promotes ideas, innovation and teamwork. It is that mindset which I believe resulted in WAA being chosen as one of Manitoba's Top 25 employers in 2010.

I wish to thank the Board for their insight and guidance this past year. A personal note of thanks is due to outgoing Chair, Dr. Arthur Mauro for his tireless efforts to increase our understanding of what can be. Our community is the beneficiary of his commitment and insight.

I too would acknowledge the other directors whose terms concluded in 2010; Mr. Doug Harvey and Mr. Carl Havixbeck. I thank them for their dedication and support in serving the interests of our community.

2011 promises to be an exciting year with the opening of Canada's newest, greenest air terminal building. We look forward to engaging our supply chain partners to have Winnipeg leading in the provision of excellent airport services and facilities, enhancing our community's connectivity and building our Airport City.

Management's Responsibility for Financial Statements

Year ended December 31, 2010

The consolidated financial statements of Winnipeg Airports Authority Inc. have been prepared by management and approved by the Board of Directors and the Members of Winnipeg Airports Authority Inc. Management is responsible for the preparation and presentation of the information contained in the consolidated financial statements and other sections of this Annual Report. 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.

The Board of Directors ensures that management fulfills their responsibilities for financial reporting and internal controls through an Audit Committee which is comprised solely of directors who are neither officers nor employees of the Company. This committee reviews the consolidated financial statements and reports to the Board of Directors. The auditors have full and direct access to the Audit Committee.

March 17, 2011

Barry W. Rempel
President and Chief Executive Officer

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

Management Discussion and Analysis

For the year ended December 31, 2010

Dated March 17, 2011

Forward-Looking Statements

This Management Discussion and Analysis ("MD&A") contains certain forward-looking statements. By their nature, forward-looking statements require assumptions and are subject to inherent risks and uncertainties. Please refer to the section titled "Caution Regarding Forward-Looking Statements" contained at the end of this MD&A for a discussion of such risks and uncertainties and the material factors and assumptions related to forward-looking statements.

Introduction

This Management Discussion and Analysis complements and supplements the audited consolidated financial statements of Winnipeg Airports Authority Inc. ("WAA") for the year ended December 31, 2010. It is provided to explain management's view of the conditions and events that shaped the information contained in the financial statements and help in understanding how these conditions and events are expected to affect the business of WAA moving forward. This MD&A should be read in conjunction with the financial statements.

WAA is responsible for the management, operation and development of Winnipeg James Armstrong Richardson International Airport (the "Airport") under a 60 year lease beginning in 1997 with Transport Canada. WAA is a non-share capital, community based corporation. WAA is responsible for financing its capital investments and net income is re-invested in Airport infrastructure. WAA considers Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") to be an appropriate indicator of its ability to service its debt. EBITDA is a measure of the ability to generate cash flow and is used by other airports in Canada, investors and analysts for comparison purposes.

WAA uses measures other than Generally Accepted Accounting Principles ("GAAP"), including EBITDA to provide users with an alternate method for assessing performance and to provide a consistent basis for comparison. These measures are not in accordance with nor are they an alternative to GAAP and may be different from measures used by other companies.

Operating Environment

Passenger

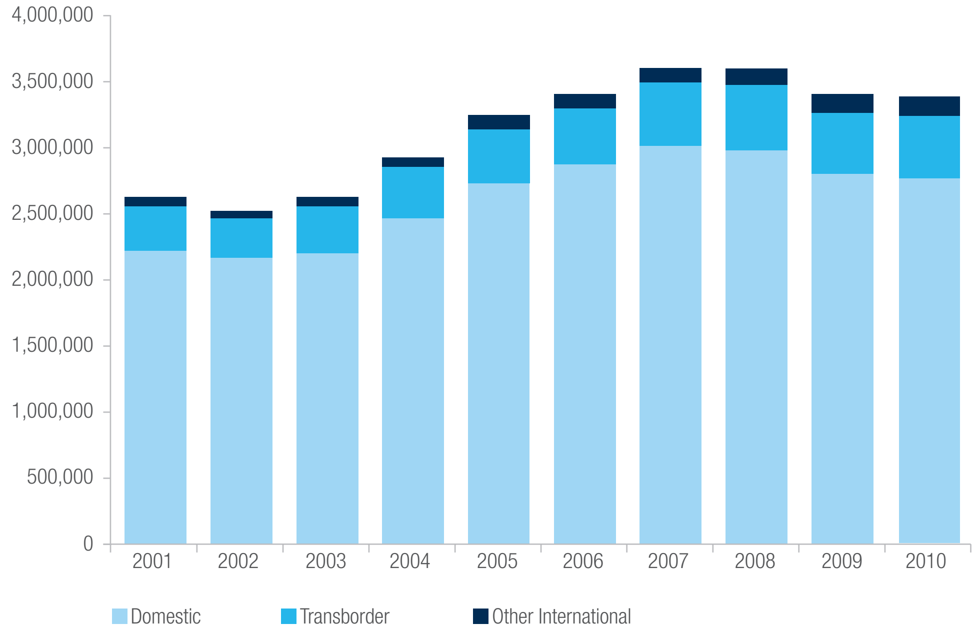
Globally, North America and Europe are lagging in passenger growth behind emerging regions such as Asia Pacific and the Middle East, who have been significant contributors in the overall global passenger growth.

Overall in Canada, there was a slight increase in passenger numbers for the domestic sector. The strongest growth occurred in the transborder and international sectors.

In Winnipeg, passenger traffic improved as the year progressed and by the third quarter, the recovery was felt due in large part to stronger summer traffic. The transborder and international sectors remained positive throughout the year with combined passenger totals at highest level in five years. The withdrawal of one flight per day to Hamilton in the last quarter impacted positive movement in the remainder of the domestic sector.

Manitoba's resilience during the economic downturn played a large role in mitigating the decline in passenger traffic for 2009 in contrast to other regions that were impacted significantly. As a result, the overall growth seen in the broader airport industry when compared to last year showed a greater magnitude to change than in Winnipeg.

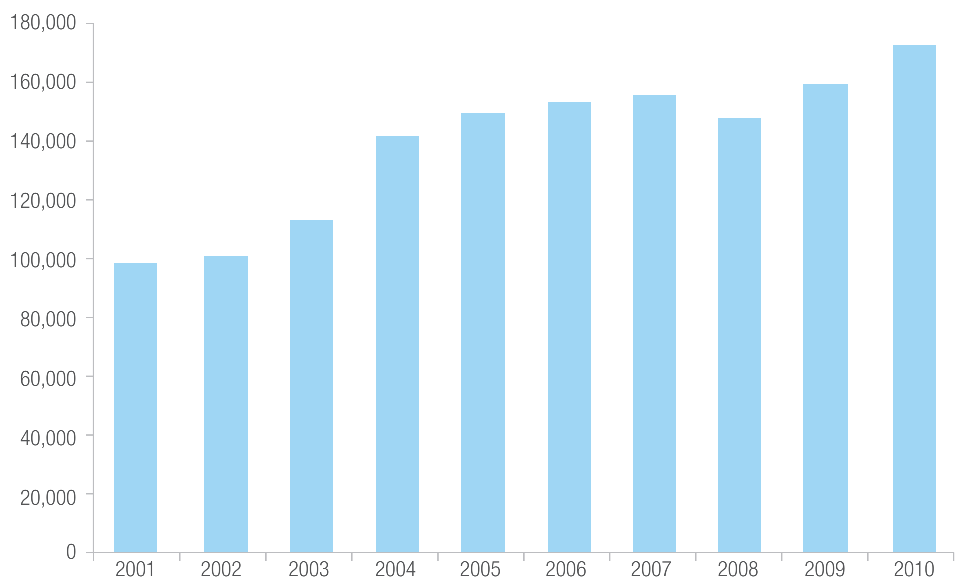
YWG Total Enplaned & Deplaned Passengers, by Sector



Cargo

Growth in air cargo volume in North America was strong overall throughout the year, seeing more gradual growth during the last quarter. Cargo volume in Winnipeg increased by 7.5% to approximately 173,000 tonnes. Cargo movements were up by 2.3%. The most significant change comes from an increase in specialty cargo charter flights, up by 48.2% over 2009 levels.

YWG Cargo Traffic Progression (Tonnes)



Operating Activity

Passenger traffic in Winnipeg remained stable in 2010 at 3,369,974, a slight decline of 0.28% compared to 2009 levels. Overall seat capacity reduced by 0.68% as a result of carriers changing the size of aircraft used on some routes.

Cargo tonnage, measured as actual volume of freight moved, was up in 2010 and grew by approximately 7.5% from 2009 levels.

Total aircraft movements increased marginally in 2010 versus 2009. While cargo related movements increased by 2.3%, passenger aircraft movements were virtually the same as the prior year. Throughout the year, air carriers continued to focus on fleet mix and capacity in an effort to manage fuel and other costs.

Results of Operations

Net Operating Results

WAA's operating results for the years ended December 31 are summarized in the following table:

(in thousands)	2010	2009
Revenue	$ 79,727	$ 81,963
Operating expenses	42,900	45,385
Income before the undernoted	36,827	36,578
Gain on sale of subsidiary	(1,499)	–
Equity investment income	(118)	–
Interest expense	5,487	1,155
Loss on cash flow hedges	–	1,419
Income taxes of subsidiaries	710	(66)
Net income	32,247	34,070

Revenue

Total revenue decreased to $79.7 million in 2010, compared to $82.0 million in 2009: a decrease of $2.3 million or 2.7%. Revenues are derived from aeronautical charges (landing fees and terminal charges), airport improvement fees, and non-aeronautical sources such as car parking and ground transportation, concessions, rentals, and other sources. The primary driver for aeronautical revenue is aircraft movements: landing fees are based on the Maximum Take Off Weight and terminal charges are based on the number of passenger seats on each aircraft. The airport improvement fee is charged per originating enplaned passenger and a significant portion of non-aeronautical revenues is correlated to passenger activity.

Aeronautical revenue totaled $26.7 million in 2010, which represents an increase of $0.7 million or 2.7% over 2009. Landing fee revenue increased by 4.0% overall in part due to rate adjustments. Passenger terminal fees increased by 1.0% with no rate increases.

Concessions revenue grew moderately in 2010 by 1.6% for a total of $5.8 million. Within this revenue category, retail concessions and car rental agencies suffered from the decline in passenger throughput, however, restaurants performed well with concession revenues from restaurants and flight kitchens increasing by 7.9%.

Parking revenue of $7.8 million was consistent with 2009. Parking is the third largest revenue source behind airport improvement fees and aeronautical revenue. The utilization of the four storey parking garage has improved with the number of long term parking transactions increasing. Short term parking transactions have dropped, impacted by ongoing construction and road way changes.

Airport Improvement Fee ("AIF") revenue increased by $0.8 million during 2010, or 2.6%. This increase is directly related to an increase in the percentage of originating enplaned versus connecting passengers. Airport Improvement Fees are $20 per enplaned passenger, less a 6% processing fee paid to the passenger airlines, and are directed to funding the Airport Site Redevelopment program.

Revenue from real estate leases was $6.2 million in 2010, an increase of $0.3 million over 2009's revenue of $5.9 million or 4.9%. Although no new land leases began in 2010, market value adjustments to existing land leases positively impacted overall real estate revenue.

Other revenue decreased by $4.1 million compared to 2009. This reduction is a result of the sale of a wholly owned subsidiary, Avion Services Corp. ("Avion"), on March 1, 2010.

Operating Expenses

Total operating expenses decreased by $2.5 million compared to 2009, or 5.5%, for a total of $42.9 million. Operating expenses are comprised of the costs to operate and maintain the Airport including amortization of property, plant and equipment.

Salaries and benefits are the largest component of operating expenses totaling $14.1 million in 2010: a decrease of $5.9 million compared to 2009. Salaries and wages for Avion for the comparative period in 2009 were $7.2 million which reflects the majority of the decrease in the consolidated figures for 2010. Collective agreements with WAA's workforce contain provisions for wage increases ranging from 3.0% to 3.5% annually. These agreements expire in 2012.

Costs incurred for services and repairs increased by $3.0 million over the 2009 level of $6.0 million. The sale of the wholly owned subsidiary Avion is the primary reason for the increase in costs as recorded. WAA continues to use the services of Avion, however these services are no longer eliminated upon consolidation of financial statements.

Supplies and equipment costs in 2010 were in line with the prior year realizing a decrease of $0.1 million. These expenses for fuel, runway chemicals and other supplies are tied to commodity prices and the volume of the usage depends primarily on weather.

Utilities expense includes natural gas, electricity and water consumption. During 2010 the favourable weather conditions allowed for less use of natural gas resulting in an overall decrease in utilities costs for 2010 of $0.1 million.

Insurance costs for airport operators liability insurance, property insurance and other related policies has remained stable over the period with an overall slight decrease from 2009 of $0.04 million.

Ground Lease rent payments are based on a percentage of revenue formula as established within the Ground Lease between WAA and the Government of Canada. For 2010, this expense increased to $5.4 million compared to $4.3 million in 2009: an increase of 23.5%.

Property taxes increased by $0.1 million or 9.3%, primarily resulting from a reassessment of all City of Winnipeg properties in 2010. Property taxes are paid to the City of Winnipeg and the Rural Municipality of Rosser based on valuations of real property using an income based approach.

Amortization expense decreased by $0.4 million in 2010 to a total of $6.0 million. This is a result of changes in the asset mix and the associated expected useful lives of those assets.

Interest expense

In November 2009, an additional $300 million of Revenue Bonds were issued. This new debt incurred interest expense for the period it was outstanding during 2009. For the 2010 year, interest was incurred on all three series of bonds for the entire year. However, as the proceeds of these bonds are being expended on the Airport Site Redevelopment program, part of the associated interest cost is capitalized to the construction-in-progress. For 2010, net interest expense was $5.5 million compared to $1.2 million in 2009. Also included in interest expense is a standby fee for the $100 million line of credit which was entered into during 2010.

Airport Site Redevelopment and Capital Programs

Airport Site Redevelopment program ("ASR") expenditures in 2010 totaled $120.3 million.

The redevelopment program comprises several major component projects, including a four level parking garage, road works, apron and taxi-ways, an upgrade of the Central Utilities Building (CUB) and an Air Terminal Building (ATB). Construction undertaken to date has resulted in the completion of 90% of the entire program as at December 31, 2010.

The third phase of airside construction was completed this year, involving the placement of approximately 23,000 square metres of taxiway pavement adjacent to the ATB north wall and on the southwest side of the facility. Groundside construction included ongoing activity to finalize the loading dock at the east end of the building and the elevated roadway adjacent to the south facing wall of the ATB. The upgrade and rehabilitation of the Central Utilities Building, connected to the new ATB by a 320 metre underground tunnel, is now operational. The result is a significantly more energy efficient operation.

The major area of focus in 2010 was ongoing construction of the new 51,000 square metre air terminal building. Though installation and finishing of walls, glass and other exterior components continued, much of the fabrication during the year occurred on the interior of the building. Considerable effort was devoted to installation of baggage handling systems and IT components, including telecommunications, security, airport information and ground transportation systems.

The full redevelopment program is planned to be substantially completed in 2011 with the opening of the new air terminal building. The Company has budgeted, has paid and will pay for agreed upon change orders to the program. As with any project of this nature, disputes that arise regarding the value of or liability for subsequent changes will be resolved through the arbitration process contained in the contracts. The Company is aware of several construction related claims. The program remains on budget and the Company is confident that it has secured sufficient financial resources to fulfill construction related obligations.

Other capital program expenditures in 2010 totaled $3.7 million compared to $5.2 million in 2009. These expenditures were primarily related to equipment acquisitions for both airside and groundside operations.

Assets and Liabilities

Assets

Current assets, excluding cash and restricted cash, totaled $8.8 million compared to $9.8 million in 2009, a decrease of $1.0 million. The decrease is due to a decrease in accounts receivable with other current assets remaining at similar levels to 2009.

The net change of $116.5 million in property, plant and equipment to a total of $660.3 million is an increase over the 2009 balance of $543.9 million. $120.3 million was incurred for the ASR program. As components of the ASR program are substantially completed they are transferred to the appropriate asset category. The remainder of the change in the balance is due to asset dispositions and amortization.

The market value of investments at December 31, 2010 totaled $87.6 million compared with $189.7 at the end of 2009. These investments originated from the proceeds of bond issues and are used to fund ASR expenditures. Investments are held and managed by an independent party. Funds are invested in short term debt instruments with maturities less than one year, in accordance with WAA's investment policy.

Also included in investments for 2010 is an investment in SRG Security Resource Group Inc. The Company uses the equity basis of accounting for such investments in affiliates where it has significant influence. The value of this investment at December 31, 2010 is $2.1 million.

The accrued pension asset totaled $11.1 million at the end of 2010 compared to $9.7 million in 2009. This represents an increase of $1.4 million or 14.4% over 2009. The combined position of the benefit plans shows a deficit of $0.6 million at December 31, 2010 versus the $1.0 million surplus position of one year earlier. The Company continues to make additional funding payments as a result of the pension plans' deficits.

Liabilities

Current liabilities are virtually unchanged at $47.6 million for 2010, compared to $47.8 in the prior year. As the ASR program is progressing, ongoing construction payables and hold-back accounts are beginning to decline as is evident in the balance of accounts payable and accrued liabilities which has decreased by $3.8 million from 2009. However, as principal payments have begun on the Series A bonds and will begin on the Series D bonds in 2011, the current portion of long term debt has increased from $1.9 million in 2009 to $6.3 million in the current year's balance sheet.

Long-term employee benefits relate to separation and post-employment benefits for employees. This liability is determined actuarially, based upon current employee and pensioner data. The balance at December 31, 2010 has increased to $4.8 million from the 2009 balance of $4.4 million: an increase of $0.4 million or 9.7%.

The Company has three debt issues outstanding in the form of Revenue Bonds. The balance of these Revenue Bonds totals $542.9 million which has declined from the 2009 balance of $544.3 million. Principal repayments began in 2010 on Series A, and begin in

2011 on Series D. No principal payments are required on Series C until maturity in 2020.

5388946 Manitoba Ltd., a wholly owned subsidiary, entered into an agreement with the Province of Manitoba under the Manitoba Industrial Opportunity Program, to borrow up to $20.0 million for the purposes of building a manufacturing facility, which in turn is being leased to a third party over a 32 year period. At the end of 2010, $15.7 million had been borrowed under this facility, an increase of $5.1 million over the 2009 balance of $10.6 million.

Through an amendment to the Ground Lease in 2005, the Government of Canada agreed to defer lease payments of $762,000 to be repaid over a 10 year period beginning in 2006. The reduction in the balance to $381,000 represents the repayment for five years (2006 to 2010).

The capital lease obligation which began in 2007 with the acquisition of an airside emergency response vehicle has declined in value to $0.4 million due to payments made during the year.

Cash Flows

Operations

The cash flow generated from operations for the year was $25.8 million compared to $36.5 million in 2009. The decrease of $10.7 million relates to the change in non-cash working capital of $10.5 million, primarily due to decreases in accounts payable and accrued liabilities as well as the increase in the current portion of the long term debt.

Financing

WAA had a net inflow of cash in 2010 from financing activities of $3.1 million. This is a significant decrease compared to 2009 when the Series C and Series D bonds were issued for net proceeds of $252.1 million. During 2010, additional borrowing occurred on the MIOP loan while repayments were made on the deferred lease payments, the Series A bonds and on the capital lease obligation.

Investing

The net cash outflow on investing activities during 2010 was $27.4 million versus $297.0 million in 2009. The ongoing additions into the ASR program, other capital assets and other assets combined for a total of $118.9 million. Investments were utilized to fund $104.2 million of these expenditures.

Liquidity and Capital Resources

As a non-share corporation WAA is funded through operating revenues, AIF revenue, reserve funds, the revenue bonds and a bank credit facility. A Master Trust Indenture was established in 2005, setting out the terms of all debt, including bank facilities and revenue bonds. At December 31, 2010, $542.9 million of debt is outstanding in the form of Revenue Bonds. The bank credit facility is for $100 million. WAA has not drawn on the credit facility at December 31, 2010.

In addition to the above noted debts, WAA is party to a capital lease financing arrangement for the purpose of acquiring an airside emergency response vehicle for a total price of $1.2 million. It is WAA's intention to seek out financing arrangements which allow for flexibility while complying with existing terms and conditions of the Master Trust Indenture.

In 2008, WAA entered into a loan agreement with the Province of Manitoba (Manitoba Industrial Opportunity Program) in order to invest in direct financing lease arrangements on a long-term basis with a tenant. This loan has Provincial guarantees to minimize WAA's exposure to default.

WAA 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: A1 and Standard & Poors: A Stable), the Company has ready access to sufficient long-term funds as well as a committed line of credit through credit facilities with a Canadian Chartered bank.

Significant Accounting Policies and Estimates

The significant accounting policies adopted by WAA are detailed in note 2 to the consolidated financial statements. In preparing financial statements, management is required to make certain estimates or assumptions, including estimates for amortization of capital assets, revenue recognition and the fair value of financial instruments. Actual results could differ from estimates.

Property, plant and equipment of WAA includes improvements to leased land, runways, terminal and other buildings, equipment and roadways. These assets are recorded at cost and each asset type is amortized over their estimated useful lives. Amortization of such assets begins when the asset is completed and brought into service.

The timing of revenue recognition depends on the type of revenue and the specific arrangements in place. Landing fees, terminal charges and car parking are recognized as the facilities are used. Airport Improvement Fees, net of 6% airline administration fee, are recorded based upon the estimated enplanement of passengers. Revenues from concessions, ground transportation, and space or property rentals are recognized in accordance with their respective agreements. At each month end there are certain estimates for the number of passengers, aircraft movements, sales and other criteria to determine the revenue earned for each of these respective revenue types.

Financial Instruments and Other Instruments

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

WAA's cash, restricted cash and bank indebtedness are classified as held-for-trading and accounts receivable and direct financing lease are classified as loans and receivables. Accounts payable and accrued liabilities and long term debt are classified as other liabilities.

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. WAA recognizes changes in the fair value of loans and receivables only if realized or if impairment in the value of an asset occurs.

Investments:

WAA classifies its investments as available-for-sale and measures them at fair value. Subsequent changes in fair value are recorded in other comprehensive income (loss) until the investments are derecognized or impaired, at which time the amounts would be recorded in net income.

Effective interest method:

Financing costs are included in the related long-term debt balances and recognized as an adjustment to interest expense over the life of the related long-term debt. In addition, the effective interest method is used to recognize interest expense, where the amount recognized varies over the life of the long-term debt based on the principal outstanding.

Comprehensive income:

Comprehensive income is defined as the change in equity from transaction and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles.

Accounting Changes for 2011

WAA plans to adopt International Financial Reporting Standards ("IFRS") for the year commencing January 1, 2011.

Risks and Uncertainties

WAA faces certain risks beyond its control which may or may not have a significant impact on its financial condition.

Airport revenues are affected by carriers' changes in aircraft size and frequency of flights, based on the carriers' view of passenger demand. Over the past years several significant events have demonstrated the fragile nature of air travel demand. In addition, economic conditions, global health epidemics, political unrest, government regulations, the price of oil and airfares, all contribute to traffic demand. The continued uncertainty over the health of the United States economy contributes to the risk that passenger demand and cargo volumes could decrease, having a potential negative impact on WAA's landing and terminal fees.

The financial stability of the airline industry globally, and more particularly in the United States, could have an impact on WAA's ability to generate revenue. However, the risk to WAA is mitigated by the 94% origin and destination characteristics of WAA's passenger traffic. WAA'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. In addition, WAA's unfettered ability to increase its rates and charges mitigates the impact of these risks.

Another potential impact to the stability of WAA's earnings is the air carriers' continued trend to use smaller gauge aircraft. Such changes in the mix of aircraft impact WAA's ability to project aircraft landing fees and to plan for adequate capacity on the airfield and in the terminal. Aeronautical revenue may therefore be lower than expected if projected aircraft activity is not realized.

Large scale construction projects such as the ASR program are subject to cost escalation risks. However, as over 95% of the total project cost is already incurred or under fixed-price contract arrangements, limited escalation risk remains.

The availability of adequate insurance coverage is subject to the conditions of the overall insurance market and WAA's claims and performance record. WAA participates with an insurance buying group that also includes airports in Halifax, Montreal, Ottawa, Calgary, Edmonton and Vancouver. This group has been successful in placing all of its insurance needs. The Government of Canada has issued an Order in Council to provide indemnity for "war risk and allied perils" up to December 31, 2013.

The Company sponsors defined benefit pension plans and other post-employment benefits for all its employees. These plans have associated risks because the cost of pensions and other post-employment benefits (which includes separation, health care and insurance benefits) earned by employees is actuarially determined. This actuarial estimate is based on management's best estimate of expected plan investment performance, salary escalation, retirement ages and expected health care costs.

Financial Outlook for 2011

Consumer demand for air travel is expected to increase moderately through 2011 in the Winnipeg marketplace. WAA's 2011 business plan projects non-consolidated revenues to be $82.9 million with projected growth in passenger traffic for 2011 of 2.4%.

Despite continuing efforts to control operating expenses, WAA continues to experience increases in ongoing costs for items such as utilities and commodities plus negotiated increases for salaries and benefits ranging from 3.0 to 3.5%. The ground lease rent for 2011 is estimated to be $5.4 million, a slight increase over 2010 after experiencing an increase of 24.1% in 2010. With projected operating costs estimated to be $42.1 million in 2010, excluding amortization, the planned EBITDA for 2010 is $39.8 million. With the opening of the new air terminal building expected during 2011, net income is expected to decline significantly due to the impact of increased amortization and interest expense.

ASR expenditures for 2011 are estimated to be $44.2 million while other capital expenditures are expected to be an additional $14.4 million for airside equipment, improvements to existing structures and other technology upgrades.

Caution Regarding Forward-Looking Statements

This Management's Discussion and Analysis ("MD&A") contains certain statements about WAA and its future expectations. By their nature, forward-looking statements require WAA to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions and projections will not prove to be accurate, that WAA's assumptions may be not correct and that actual results may differ materially from such predictions, forecasts, conclusions and projections. WAA cautions readers of this MD&A not to place undue reliance on the forward-looking statements as a number of factors could cause actual results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

Words such as "believe," "expect," "plan," "intend," "estimate," "anticipate" and similar expressions, as well as future or conditional verbs such as "will," "should," "would" and "could" often identify forward-looking statements. Specific forward-looking statements in this MD&A include, among others, statements regarding: future demand for air travel, budgets and expenditures relating to capital programs; insurance; liquidity; and annual debt requirements.

These forward-looking statements are based on a variety of factors and assumptions including but, not limited to: long-term growth in population; employment and personal income as the basis for increased aviation demand; the Canadian and U.S. economies growth expectation in the near term; the growth and sustainability of low fare and other air carriers contribution to aviation demand; continued transborder and international travel growth; the cost of enhancing aviation security will not overly burden air carriers or WAA; the commercial aviation industry will not be directly affected by terrorism; and no significant event will occur which impacts the ordinary course of business such as a natural disaster or other calamity. These assumptions are based on information currently available to WAA, including information obtained by WAA from third party experts and analysts.

Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking statements include, among other things; levels of aviation activity; air carrier instability; aviation liability insurance; construction risk; geographical unrest; terrorist attacks; war; health epidemics; labour disruptions; capital market and economic conditions; changes in laws; adverse regulatory developments or proceedings; lawsuits; and other risks from time to time.

The forward-looking statements contained in this MD&A represent WAA's expectations as of the date of this report and are subject to change. Except as required by applicable law, the WAA disclaims any intention or obligation to update or revise any forward-looking statements included in this MD&A whether as a results of new information, future events, or for any other reason.

Financial and Operating Highlights

(In thousands)	2006	2007	2008	2009	2010
Revenue	$ 60,364	$ 66,136	$ 80,106	$ 81,963	$ 79,727
Operating expenses[1]	27,908	29,786	34,525	34,775	31,663
Ground lease rent	3,941	3,999	4,088	4,264	5,268
Amortization	6,026	6,651	7,397	6,346	5,969
Earnings[2]	22,489	25,700	34,096	36,578	36,827
Capital expenditures, including other assets	98,436	95,989	139,605	142,277	118,858
Total passengers	3,387	3,571	3,570	3,379	3,370
Total aircraft movements	145	152	144	140	136
Major revenue movements	43	45	44	44	44
Cargo handled (tonnes)	155	156	148	159	173

[1] – Operating expenses excluding ground lease rent and amortization

[2] – Earnings before interest, loss on cash flow hedges, sale of subsidiary, equity earnings

Consolidated Financial Statements of Winnipeg Airports Authority Inc.

Year ended December 31, 2010

INDEPENDENT AUDITOR'S REPORT

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, 2010 and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

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 Canadian generally accepted accounting principles, 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 in our audit 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matters

The consolidated financial statements of Winnipeg Airports Authority Inc. for the year ended December 31, 2009, were audited by another auditor who expressed an unmodified opinion on those statements on February 19, 2010.

PricewaterhouseCoopers LLP

Chartered Accountants
Winnipeg, Canada
March 17, 2011

Consolidated Balance Sheet

December 31, 2010 with comparative figures for 2009

(In thousands of dollars)

	2010	2009
Assets		
Current assets:		
Cash	$ 3,555	$ 2,036
Restricted cash	15,315	2,587
Accounts receivable [note 3]	7,555	8,598
Prepaid expenses	501	583
Current portion of direct financing lease	23	31
Inventory	686	550
	27,635	14,385
Property, plant and equipment [note 4]	660,282	543,874
Investments [note 5]	87,563	189,677
Direct financing lease [note 6]	7,121	7,131
Future income taxes	–	152
Accrued pension asset [note 12]	11,058	9,710
Other assets	15,740	10,595
	$ 809,399	$ 775,524
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 40,663	$ 44,471
Income taxes payable	–	153
Deferred revenue	640	1,299
Current portion of long-term debt	6,301	1,876
	47,604	47,799
Long-term liabilities:		
Future income taxes payable	691	–
Long-term employee benefits [note 12]	4,814	4,387
Long-term debt [note 9]	553,067	554,504
	558,572	558,891
Equity:		
Retained earnings	248,509	216,262
Accumulated other comprehensive loss	(45,286)	(47,428)
	203,223	168,834
	$ 809,399	$ 775,524

Commitments and contingencies [notes 10 and 11]
The accompanying notes are an integral part of these financial statements

On behalf of the Board:

Director

Director

Consolidated Statement of Operations

Year ended December 31, 2010 with comparative figures for 2009

(In thousands of dollars)

	2010	2009
Revenue:		
Airport improvement fees [note 7]	$ 29,721	$ 28,954
Aeronautical	26,730	26,030
Concessions	5,766	5,676
Parking	7,806	7,759
Real estate leases	6,163	5,877
Other revenue	3,541	7,667
	79,727	81,963
Operating expenses:		
Salaries and benefits	14,134	20,002
Services and repairs	9,023	6,045
Supplies and equipment	2,272	2,394
Other expenses	2,112	2,210
Utilities	1,910	2,018
Insurance	512	550
Ground lease rent [note 10(a)]	5,268	4,264
Property taxes	1,700	1,556
Amortization	5,969	6,346
	42,900	45,385
Income before the undernoted	36,827	36,578
Loss on cash flow hedges	–	1,419
Gain on sale of subsidiary [note 15]	(1,499)	–
Income for equity accounted investment	(94)	–
Dividend income	(24)	–
Interest expense [note 9(f)]	5,487	1,155
Income before income taxes	32,957	34,004
Income tax expense (recovery) of subsidiaries:		
Current	19	6
Future	691	(72)
	710	(66)
Net income	$ 32,247	$ 34,070

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Comprehensive Income

Year ended December 31, 2010 with comparative figures for 2009

(In thousands of dollars)

	2010	2009
Net income	$ 32,247	$ 34,070
Other comprehensive income (loss):		
Amortization of loss on settlement of cash flow hedges	2,004	466
Unrealized gain on cash flow hedges	–	9,685
Unrealized gain on available-for-sale investments	138	–
Reclassification to income for realized gains	–	(122)
Comprehensive income	$ 34,389	$ 44,099

Consolidated Statement of Changes in Equity

Year ended December 31, 2010 with comparative figures for 2009

(In thousands of dollars)

	2010	2009
Retained earnings balance, beginning of year	$ 216,262	182,192
Net income	32,247	34,070
Retained earnings, end of year	248,509	216,262
Accumulated other comprehensive income (loss) on available-for-sale securities:		
Balance, beginning of year:	–	122
Unrealized gain	138	–
Reclassification to income for realized losses (gains)	–	(122)
Balance, end of year	138	–
Accumulated other comprehensive loss on cash flow hedges:		
Balance, beginning of year	(47,428)	(57,579)
Unrealized gain on cash flow hedges	–	9,685
Amortization of loss on settlement	2,004	466
Balance, end of year	(45,424)	(47,428)
Total accumulated other comprehensive loss	$ (45,286)	$ (47,428)
Total equity	$ 203,223	$ 168,834

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Cash Flows

Year ended December 31, 2010 with comparative figures for 2009

(In thousands of dollars)

	2010	2009
Cash provided by (used in):		
Operations:		
Net income	$ 32,247	$ 34,070
Adjustments for:		
Amortization	5,969	6,346
Future income taxes	691	(72)
Loss on cash flow hedges	–	1,419
Gain on sale of subsidiary	(1,499)	–
Loss (gain) on sale of property, plant and equipment	(74)	1
Increase in long-term employee benefits	427	290
Increase in accrued pension asset	(1,354)	(2,536)
Equity investment income	(94)	–
Change in non-cash operating working capital	(10,494)	(2,991)
	25,819	36,527
Financing:		
Increase in long-term debt	5,145	300,000
Settlement of cash flow hedges	–	(47,899)
Repayment of long-term debt	(1,791)	(76)
Reduction in capital lease obligation	(244)	(229)
	3,110	251,796
Investing:		
Decrease (increase) in investments	104,183	(160,362)
Additions to property, plant and equipment	(113,713)	(128,625)
Reductions (additions) to other assets	(5,145)	1,675
Decrease (increase) in direct financing lease	10	(7,162)
Proceeds on disposal of property, plant and equipment	74	19
Increase in restricted cash	(12,728)	(2,587)
Disposal of subsidiary cash	(91)	–
	(27,410)	(297,042)
Increase (decrease) in cash	1,519	(8,719)
Cash, beginning of year	2,036	10,755
Cash, end of year	$ 3,555	$ 2,036
Supplementary cash flow information:		
Income taxes paid	$ 6	$ 37
Interest expense paid	29,465	13,061
Interest income received	947	478

The accompanying notes are an integral part of these financial statements

Notes to Consolidated Financial Statements

Year ended December 31, 2010

1. Nature of operations:

Winnipeg Airports Authority Inc. (the Company) is incorporated under Part II of the *Canada Corporations Act* as a corporation without share capital. The Company operates the Winnipeg James Armstrong Richardson International Airport (the Airport), in Winnipeg, Manitoba under a long-term lease with the Government of Canada for the benefit of the community. Net income is used to fund airport capital improvements.

The Company is governed by a 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. Significant accounting policies:

(a) Presentation and basis of accounting:

The Company's financial statements are prepared on a consolidated basis in accordance with Canadian generally accepted accounting principles (GAAP) and include the accounts of its subsidiaries, Winnipeg Airport Services Corporation and 5388946 Manitoba Ltd. All inter-company balances and transactions have been eliminated.

(b) Restricted cash:

Restricted cash represents funds held by banks which are restricted to the payment of builder lien holdbacks. Payment of these holdbacks occurs upon substantial completion of the specific project.

(c) Inventory:

Inventory consists of consumable supplies and is recorded at the lower of cost and net realizable value.

(d) Property, plant and equipment:

Property, plant and equipment are recorded at cost and amortized on a straight-line basis as follows:

Assets	Term
Airfield infrastructure	10 to 40 years
Buildings and other structures	5 to 40 years
Leasehold improvements	3 to 40 years
Vehicles, machinery and equipment	3 to 20 years

Construction in progress is transferred to the appropriate property, plant and equipment category when the capital project is completed and the asset is placed in service. Interest expense incurred during the construction of an asset is capitalized until assets are operational and is included in the cost of the asset.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

(e) Equity accounted investments

The Company uses the equity basis of accounting for investments in affiliated companies 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 earnings or losses of the investee companies and is reduced by dividends received.

(f) Revenue recognition:

Revenues from aeronautical activities include landing and terminal fees which are recognized as the airport facilities are utilized. Revenues from commercial activities include car parking and concession revenues. Car parking revenue is recognized as the parking facilities are utilized. Concession revenues are recognized on the accrual basis and calculated using agreed percentages of reported concessionaire sales, with specified minimum guarantees where applicable. Real estate rental revenue is recognized over the term of respective operating leases, licenses and permits.

Deferred revenue consists primarily of rental and other revenues received in advance.

(g) Employee future benefits:

The Company sponsors defined benefit pension plans on behalf of its employees. The benefits are based on years of service and the employee's compensation during the five best consecutive years' earnings.

The Company accrues its obligation under the employee defined benefit plans as the employees render the services necessary to earn the pension and other employee future benefits.

The cost of pensions and other post-employment benefits (which includes separation, health care and insurance benefits) earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages and expected health care costs. The cost of providing other post-employment benefits is accrued as long-term employee benefits and charged to expense based on yearly service entitlements.

For the purpose of calculating expected return on plan assets, those assets are valued at fair value.

The net actuarial gain or loss in excess of 10 percent of the greater of, the benefit obligation and the market value of plan assets, is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the plans is 11 years (2009 – 11 years).

(h) Financial instruments:

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

- Level 1 valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 valuation techniques with significant observable market parameters
- 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 liabilities. Initial measurement of financial instruments is at fair value, subsequent measurement and recognition of changes in fair value of financial instruments depends on their initial classification. Fair values reflect quoted prices in active markets for identical assets or liabilities (level 2). Transaction costs are expensed as incurred for financial instruments classified as held-for-trading.

The Company's cash , restricted cash, accounts receivable and direct financing lease are classified as loans and receivables. Accounts payable and accrued liabilities and long-term debt are classified as other liabilities.

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 an asset occurs.

Investments are classified as available-for-sale and 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 and recognized as an adjustment to interest expense over the life of the related long-term debt. The effective interest method is used to recognize interest expense.

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. During the year, $2,004 of losses recorded in accumulated other comprehensive income (loss) were recognized in income as interest expense.

(i) Direct financing lease:

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.

(j) Other assets:

Other assets consist of investments in real property development projects and are carried at cost.

(k) Income taxes:

The Company is exempt from income taxes under Government of Canada legislation. The subsidiaries are taxable corporations and follow the asset and liability method of accounting for income taxes. Under this method, future 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 future 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.

(l) Comprehensive income:

Comprehensive income is defined as the change in equity from transaction and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles.

(m) Significant accounting judgments, estimates and assumptions:

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of property, plant and equipment, useful lives for amortization, provision for contingencies and actuarial assumptions. Actual results could differ from those estimates.

(n) Future changes in accounting policies:

The CICA Accounting Standards Board (ASB) has confirmed that the accounting standards for Publicly Accountable Enterprises will be required to converge with International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011 with comparative figures presented for 2010. The Company will report under IFRS for the 2011 fiscal year.

3. Accounts receivable:

(In thousands of dollars)	2010	2009
Trade accounts receivable	$ 6,604	$ 6,833
Less: allowance for doubtful accounts	(243)	(175)
Trade accounts receivable, net	6,361	6,658
Other receivables	1,194	1,940
Total accounts receivable	$ 7,555	$ 8,598

As of December 31, 2010, accounts receivable of $1,659 (2009 - $850) were considered past due but not considered impaired. These amounts relate to a number of customers with no recent history of default.

The aging of the trade accounts receivables is as follows:

(In thousands of dollars)	2010	2009
1 - 120 days	$ 4,702	$ 5,808
121+ days	1,659	850
Total balance	$ 6,361	$ 6,658

Changes in the allowance for doubtful accounts are as follows:

(In thousands of dollars)	2010	2009
Balance, beginning of year	$ 175	$ 131
Provision for new doubtful accounts	288	44
Amounts written off during the year	(199)	–
Amounts recovered during the year	(21)	–
Balance, end of year	$ 243	$ 175

4. Property, plant and equipment:

	Vehicles, machinery and equipment	Airfield infrastructure	Buildings and other structures	Leasehold improvements	Construction in progress	2010 Total
Gross value						
Balance, January 1, 2010	$ 17,032	$ 41,810	$ 52,290	$ 26,760	$ 448,536	$ 586,428
Additions	1,738	186	126	2	97,278	99,330
Capitalized interest	–	–	–	–	23,324	23,324
Transfers	1,285	806	340	9,009	(11,440)	–
Disposals	(428)	–	–	(215)	–	(643)
At December 31, 2010	$ 19,627	$ 42,802	$ 52,756	$ 35,556	$ 557,698	$ 708,439
Accumulated amortization						
Balance, January 1, 2010	$ 8,210	$ 10,427	$ 4,878	$ 19,039	$ –	$ 42,554
Amortization	1,039	1,861	1,418	1,640	–	5,958
Disposals	(220)	–	–	(135)	–	(355)
At December 31, 2010	$ 9,029	$ 12,288	$ 6,296	$ 20,544	$ –	$ 48,157
Net value at December 31, 2010	$ 10,598	$ 30,514	$ 46,460	$ 15,012	$ 557,698	$ 660,282

	Vehicles, machinery and equipment	Airfield infrastructure	Buildings and other structures	Leasehold improvements	Construction in progress	2009 Total
Gross value						
Balance, January 1, 2009	$ 15,038	$ 41,070	$ 52,337	$ 26,149	$ 309,009	$ 443,603
Additions	692	15	–	–	128,784	129,491
Capitalized interest	–	–	–	–	13,448	13,448
Transfers	1,327	767	–	611	(2,705)	–
Disposals	(25)	(42)	(47)	–	–	(114)
At December 31, 2009	$ 17,032	$ 41,810	$ 52,290	$ 26,760	$ 448,536	$ 586,428
Accumulated amortization						
Balance, January 1, 2009	$ 7,216	$ 8,905	$ 3,526	$ 16,967	$ –	$ 36,614
Amortization	999	1,522	1,352	2,072	–	5,945
Disposals	(5)	–	–	–	–	(5)
At December 31, 2009	$ 8,210	$ 10,427	$ 4,878	$ 19,039	$ –	$ 42,554
Net value at December 31, 2009	$ 8,822	$ 31,383	$ 47,412	$ 7,721	$ 448,536	$ 543,874

5. Investments:

(In thousands of dollars)	2010	2009
Revenue bond proceeds	$ 68,012	$ 174,093
Restricted investments held in trust for debt service reserve [note 9(a)]	17,482	15,584
Investment in an affiliated company [note 15]:		
Equity accounted investment	1,501	–
Preference shares	568	–
	$ 87,563	$ 189,677

Revenue bond proceeds and restricted investments are held in short term notes and other debt instruments with a maturity of less than one year, with interest rates ranging from 1.0% to 1.5% (2009 - 0.5% to 1.5%).

Preference shares have a 5% per annum cumulative dividend rate calculated on the issue price of the 568,092 preference shares of $568,092. There is a put option to require the affiliated company to purchase the shares which is exercisable at any time on or after March 1, 2015. 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 $1 per share.

6. Direct financing lease:

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

(In thousands of dollars)	2010	2009
Total minimum lease payments receivable	$ 24,100	$ 25,346
Unearned income	16,956	18,184
	7,144	7,162
Current portion	23	31
	$ 7,121	$ 7,131

7. Airport improvement fees:

The Company charges Airport Improvement Fees (AIF) on the basis of $20 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% handling fee. AIF revenues can only be used to pay for airport infrastructure development and related financing costs as jointly agreed with air carriers operating at the airport.

8. 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 $100 million. These facilities are secured under the Master Trust Indenture [note 9(a)]. They are available by way of overdraft, prime rate loans, or bankers' acceptances. As at December 31, 2010, the Company has not drawn on these facilities.

9. Long-term debt:

(In thousands of dollars)	2010	2009
Revenue bonds series A, 5.205%, face value $250,000, net of financing costs of $2,631 (2009 - $2,722), 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	$ 245,654	$ 247,278
Revenue bonds series C, 4.569%, face value $125,000, net of financing costs of $1,038 (2009 - $1,120) due November 20, 2019, interest payable semi-annually on May 20 and November 20 of each year until maturity	123,962	123,880
Revenue bonds series D, 6.102%, face value $175,000, net of financing costs of $1,788 (2009 - $1,843) 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 of $6,393 commence May 20, 2011	173,212	173,157
Manitoba Industrial Opportunity Program loan	15,740	10,595
Capital lease obligation	419	663
Deferred lease payments	381	457
Notes payable	–	350
	559,368	556,380
Current portion	6,301	1,876
	$ 553,067	$ 554,504

(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 money in the investment of debt service reserve and certain accounts of the Company, and an unregistered mortgage of the Company's leasehold interest in the Airport.

Pursuant to the terms of the MTI, the Company is required to establish and maintain with a trustee a debt service reserve [note 5] with a balance at least equal to 50 percent of annual debt service costs. These trust funds are held for the benefit of the bond holders for use and application in accordance with the terms of the MTI. In addition the Company is required to maintain an operating and maintenance reserve of approximately $17.5 million. The operating and maintenance reserve may be satisfied by cash, letter of credit or the availability under a committed credit facility.

(b) Capital lease obligation:

The Company leases certain equipment with an effective interest rate of 6.2% over a five year term ending in 2012.

(c) Deferred lease payments:

In accordance with an amendment to the Ground Lease Agreement [note 10], the Government of Canada deferred lease payments of $762,000. These deferred lease payments are repayable without interest on a straight line basis over a ten year period ending January 1, 2015.

(d) Manitoba Industrial Opportunity Program (MIOP) loan:

The MIOP loan is unsecured, and repayable to the Province of Manitoba in equal monthly instalments over 32 years, beginning on January 1, 2011 at 5.875 percent interest based on the principal outstanding on that date.

(e) The future annual principal payments of long-term debt are as follows:

(In thousands of dollars)	
2011	$ 6,301
2012	6,517
2013	6,693
2014	7,047
2015	7,422
Total thereafter	525,388

(f) Net interest expense (income):

(In thousands of dollars)	2010	2009
Revenue bonds interest	$ 28,931	$ 14,857
Other interest and financing costs	1,578	83
Interest income	(1,698)	(337)
	28,811	14,603
Less capitalized interest	23,324	13,448
	$ 5,487	$ 1,155

10. Commitments:

(a) Ground Lease Agreement:

Effective December 31, 1996 the Company signed the Ground Lease Agreement (the Agreement) with the Government of Canada (the Landlord) which provides that the Company will lease the Airport facilities for an initial term of 60 years. A twenty year renewal option may be exercised. At the end of the renewal term, unless otherwise extended, the Company is obligated to return control of the Airport to the Landlord.

The operating lease for the Airport requires the Company to calculate rent payable to the Landlord utilizing a formula reflecting annual airport revenues.

The estimated lease obligations for the next five years are approximately as follows (In thousands of dollars):

2011	$ 5,435
2012	5,644
2013	5,789
2014	5,937
2015	6,089

(b) Development:

At December 31, 2010, the Company had outstanding contractual construction commitments amounting to approximately $33.3 million (2009 - $154.3 million). It is estimated that additional construction commitments will be contracted during 2011 and 2012 of approximately $8 million.

11. Contingent liabilities:

There are claims and disputes which the Company is involved with, arising from the construction of the new air terminal building, the potential impact of which could be material. For those claims which the Company believes are valid and the likelihood is determinable, accruals have been made in the financial statements representing the Company's estimate of the probable outcome. For other claims the likelihood of a liability resulting from these matters is not determinable and no accrual has been made in these financial statements.

12. Employee future benefits:

(a) Pension plans:

Information for the defined benefit pension plans, based on the latest actuarial reports, measured as of December, 31 is as follows:

(In thousands of dollars)	2010	2009
Change in accrued benefit obligation:		
Balance, beginning of year	$ 31,830	$ 26,127
Current service cost	914	704
Employee contributions	336	322
Interest cost	2,038	1,939
Past service transfer contribution	–	128
Actuarial gain	5,510	4,190
Plan amendments	(162)	–
Benefits paid	(1,863)	(1,580)
Balance, end of year	$ 38,603	$ 31,830
Change in plan assets:		
Fair value, beginning of year	$ 32,809	$ 25,931
Actual return on plan assets	4,423	4,289
Past service transfer contribution	–	128
Plan amendment	(162)	–
Contributions	2,811	4,040
Benefits paid	(1,863)	(1,580)
Fair value, end of year	$ 38,018	$ 32,809
Funded status:		
Plan surplus (deficit)	$ (585)	$ 979
Unamortized net actuarial loss	11,458	8,528
Unamortized past service cost	84	105
Unamortized net transitional amount	101	98
Accrued pension asset	$ 11,058	$ 9,710

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

(In thousands of dollars)	2010	2009
Net benefit plan cost:		
Current service cost – net of contributions	$ 914	$ 704
Interest cost	2,038	1,939
Expected return on plan assets	(2,318)	(1,902)
Amortization of net actuarial gains and losses	480	415
Amortization of transitional obligation	(3)	(2)
Amortization of past service costs	10	11
Net benefit plan expense recognized in the year	$ 1,121	$ 1,165

The significant weighted average assumptions used are as follows:

	2010	2009
Accrued benefit obligation:		
Discount rate	5.5%	6.5%
Long-term average rate of compensation increase	3.5%	3.5%
Benefit costs:		
Discount rate	6.5%	7.5%
Expected long-term rate of return on plan assets	7.0%	7.0%
Long-term average rate of compensation increase	3.5%	3.5%

The plan assets consist of the following asset mix:

	2010	2009
Equity funds	50%	62%
Debt and mortgage funds	46%	34%
Real estate funds	4%	4%

The effective date of the most recent actuarial valuation for funding purposes was December 31, 2010 and the next required valuation will be as of December 31, 2011.

(b) Post employment benefits:

Information for the post employment benefits (separation, health care and insurance benefits), based on the latest actuarial reports, measured as of December 31 is as follows:

(In thousands of dollars)	2010	2009
Change in accrued benefit obligation:		
Balance, beginning of year	$ 4,315	$ 3,460
Current service cost	255	196
Interest cost	286	263
Actuarial gain (loss)	(2,306)	520
Benefits paid	(82)	(124)
Balance, end of year	2,468	4,315
Change in plan assets:		
Fair value, beginning of year	–	–
Contributions	82	124
Benefits paid	(82)	(124)
Fair value end of year	–	–
Funded status:		
Plan surplus (deficit)	(2,468)	(4,315)
Unamortized net actuarial (gain) loss	(1,903)	413
Unamortized past service cost	(486)	(542)
Unamortized net transitional amount	43	57
Accrued pension liability	$ (4,814)	$ (4,387)

	2010	2009
Net benefit plan cost:		
Current service cost – net of contributions	$ 255	$ 196
Interest cost	286	263
Amortization of net actuarial losses (gains)	10	(3)
Amortization of transitional obligation	14	14
Amortization of past service costs	(56)	(56)
Net benefit plan expense recognized in the year	509	414

The significant weighted average assumptions used are as follows:

	2010	2009
Accrued benefit obligation:		
Discount rate	5.5%	6.5%
Long-term average rate of benefit cost increases:		
Initial trend rate	13.0%	13.0%
Annual decrease	1.0%	1.0%
Ultimate trend rate	3.0%	3.0%
Year of ultimate trend rate	2018	2018
Benefit costs:		
Discount rate	6.5%	7.5%

13. Financial instruments:

Fair value:

The fair value of cash, 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:

(In thousands of dollars)	2010	2009
Direct finance lease	$ 7,144	$ 7,166
Revenue bonds series A	249,752	229,117
Revenue bonds series C	130,553	123,374
Revenue bonds series D	191,385	173,787
MIOP loan	15,740	10,595
Capital lease	538	794
Notes payable	–	318

The fair value of direct financing lease, revenue bonds, MIOP loan, capital lease obligation and notes payable is determined through current market rate yield calculations.

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: A1 and Standard & Poors: A Stable), the Company has ready access to sufficient long-term funds as well as committed lines of credit through credit facilities with three Canadian banks. The future annual principal payment requirements of the Company's obligations under its long-term debt are described in [note 9(e)].

Credit and concentration risks:

The Company is subject to credit risk through its cash, restricted cash, accounts receivable and investments. The Company is exposed to credit losses on cash and restricted cash 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 these accounts receivable balances and maintains valuation allowances for potential credit loss. The investments are limited to short term debt instruments with high quality credit ratings in order to minimize credit exposure.

The Company derives a substantial portion of its revenues from air carriers through landing fees and terminal charges and through the 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 94 percent 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.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about the customer:

(In thousands of dollars)	2010	2009
Trade accounts receivable (in thousands of dollars):		
Customers with external credit rating:		
AAA	$ 1,486	$ 222
BBB	81	98
B	529	408
B-	1,931	–
CCC+	–	1,462
	4,027	2,190
Customers without external credit ratings:	2,334	4,468
Total	$ 6,361	$ 6,658
Existing customers with no history of default	$ 4,430	$ 5,196
Investment ratings (in thousands of dollars):		
A-1+	$ –	$ 131,583
A-1	85,468	58,073
Cash	26	21
	$ 85,494	$ 189,677

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 following financial instruments are subject to interest rate risk as at December 31:

(In thousands of dollars)	2010		2009	
	Carrying value	Effective year end interest rate	Carrying value	Effective year end interest rate
Cash and investments	$ 68,012	1.0%	$ 174,093	0.32%
Debt service reserve fund	17,482	1.0%	15,584	0.39%

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.

The Company's cash and short-term investments, and its debt service reserve fund are subject to floating interest rates. Management has oversight over interest rates that apply to its cash and short-term investments, and its debt service reserve fund. These funds are invested from time to time in short term bankers' acceptances permitted by the Master Trust Indenture, while maintaining liquidity for purposes of investing in the Company's capital programs.

If interest rates had been 50 basis points (0.50 percent) 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 $145 thousand as a result of the Company's exposure to interest rates on its floating rate assets.

14. Capital management:

The Company is incorporated without share capital under Part II of the Canada 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 Authority's balance sheet as retained earnings. The Company incurs debt, including bank debt and long-term debt, to fund development. It does so on the basis of what it considers affordable based on revenues from airport improvement fees (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, such as the Airport Site Redevelopment Program.

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.

The Company is not subject to capital requirements imposed by a regulator.

15. Sale of subsidiary:

On March 1, 2010, the Company disposed of the shares in a 100% owned subsidiary, Avion Services Corp, ("Avion") in exchange for a 35% interest in the common shares of SRG Security Resource Group Inc. and $568,091 preference shares. The fair value of the consideration received was $1,974,654.

On March 1, 2010, the following assets and liabilities were disposed of:

Assets	
Cash	$ 90,547
Prepaid expenses	25,741
Accounts receivable and accrued revenue	1,084,113
Inventory	72,696
Property, plant and equipment	284,249
Accrued pension asset	6,200
Future income taxes	152,000
Total assets	$ 1,715,546
Liabilities	
Accounts payable and accrued liabilities	$ 750,607
Deposits and deferred revenue	185,685
Notes payable	350,000
Total liabilities	1,286,292
Net assets	429,254
Consideration received	1,974,654
Disposition costs	(46,016)
Net gain on sale of Avion	$ 1,499,384

Operations of Avion have been included in the consolidated financial statements up to the date of disposition, as the divestiture did not meet the criteria of a discontinued operation.

16. Comparative figures:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

2011 Annual General Meeting

Winnipeg Airports Authority's Annual General Meeting will be held at 1:30 pm on Wednesday, May 4, 2011 at The Fairmont Hotel, Winnipeg, Manitoba. We invite the community to attend and meet the Officers and Directors of the Company.

Disclosure of Corporate Governance Systems

Governance Principles

The Board recognizes that it has stewardship responsibility of a valuable community resource. 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 three standing committees – Governance, Audit and AIRplan. 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 meetings annually).

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.

The purpose of the AIRplan Committee is to provide guidance on the Airport Infrastructure Redevelopment Plan (AIRplan) on behalf of the Board. Board members are rotated through the standing committees and/or may serve on one or more Task Forces. All Task Forces have a sunset provision.

Public Accountability Principles

Incorporated into the By-laws of Winnipeg Airports Authority 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 and Director Requirements

The Board is comprised of 15 members of which 11 are nominated by seven different public and private sector agencies:

City of Winnipeg (3)

The Assiniboia Chamber of Commerce (1)

Province of Manitoba (1)

R.M. of Rosser (1)

Government of Canada (2)

Economic Development Winnipeg (1)

The 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.

The qualification and eligibility requirements of Board members prescribe that 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. The Chairperson cannot be an elected official or government employee at any time during the two years prior to the appointment as Chairperson.

Community Consultative Committee

Winnipeg Airports Authority Inc. complies with its Ground Lease requirement to establish 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 not less than twice each Lease Year, and is comprised of members who are generally representative of the community, including persons representing the interests of consumers, the traveling public and organized labour, aviation industry representatives and appropriate provincial and municipal government representatives.

Specific TSX Corporate Governance Criteria Disclosure

Winnipeg Airports Authority Governance Systems are fully aligned with the TSX Corporate Governance Guidelines.

Corporate Reporting & Disclosure Requirements

- Winnipeg Airports Authority has adopted a Code of Conduct and monitors its compliance to the ethical business practices outlined therein. Winnipeg Airports Authority confirms that it has complied with this Code of Conduct.
- Winnipeg Airports Authority discloses non-arm's length transactions.
- Any nominating entity may cause a meeting to be held on matters of public interest concerning the business of Winnipeg Airports Authority.
- Directors make a general report annually to their respective Nominator and the Board reports collectively to all Nominators.
- As a general practice, Winnipeg Airports Authority optimizes the use of Canadian resources and supplies and employs a competitive public tendering process for contracts in excess of $75,000 (1994 dollars).
- In the event Winnipeg Airports Authority increases airport user charges it provides 60 days 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.
- Winnipeg Airports Authority 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 General Meeting to all Nominators and the Minister of Transportation.
- At least once every five years Winnipeg Airports Authority conducts a comprehensive independent review of Winnipeg Airports Authority's management operation and financial performance by a qualified independent person. The report is distributed on a timely basis to the Minister of Transportation and to each Nominator and is available to the public on request.
- Winnipeg Airports Authority provides for public access: its Airport Master Plan, its five-year business plan, its past five-year annual financial statements and business plans, its incorporation documents, and all signed airport transfer agreements.

Winnipeg Airport Authority Inc.
Board of Directors 2010

Appointed by the City of Winnipeg

Arthur Mauro, Chair

Dr. Glenn Feltham, Dean, I.H. Asper School of Business

Kerry Hawkins, Corporate Director

Appointed by The Assiniboia Chamber of Commerce

Warren Thompson, President, Prairie Edge Management

Appointed by Economic Development Winnipeg

Doug Harvey, Vice Chair, President and GM, Maxim Truck and Trailer

Appointed by the Government of Canada

Geoffrey Elliot, Retired Former Diplomat and Corporate Executive

Shirley Render, Executive Director, Western Canada Aviation Museum

Appointed by the Province of Manitoba

Eugene Kostyra, Corporate Director

Appointed by the Rural Municipality of Rosser

Carl Havixbeck, Farmer

Appointed by The Winnipeg Chamber of Commerce

Doneta Brotchie, President, FUNdamentals Creative Ventures

Tom Bryk, FCA, President and CEO, Cambrian Credit Union

Appointed by the Winnipeg Airports Authority Board

Jim Carr, President and CEO, Business Council of Manitoba

David Friesen, Chairman, Friesens Corporation

Garth Smorang, Lawyer, Myers Weinberg

Janice Filmon, Corporate Director

2010 Board Committees

Audit

Tom Bryk (Chair)
Doneta Brotchie
Glenn Feltham
Eugene Kostyra
Shirley Render
Warren Thompson

Governance

Geoffrey Elliot (Chair)
Jim Carr
David Friesen
Doug Harvey
Arthur Mauro
Garth Smorang
Warren Thompson

AIRplan

Doug Harvey (Chair)
Geoffrey Elliot
Janice Filmon
David Friesen
Carl Havixbeck
Kerry Hawkins
Arthur Mauro

Board of Directors Compensation for 2010

Arthur Mauro	$	44,750
Doneta Brotchie		18,100
Thomas Bryk		25,100
James Carr		14,200
Geoffrey Elliot		23,400
Glenn Feltham		18,100
Janice Filmon		17,800
David Friesen		19,000
Doug Harvey		24,000
Carl Havixbeck		17,800
Kerry Hawkins		16,000
Eugene Kostyra		18,100
Shirley Render		18,100
Garth Smorang		14,200
Warren Thompson		18,000
Total	$	306,450

Executive Officers 2010

Barry Rempel, President and Chief Executive Officer

Catherine Kloepfer, Senior Vice President Corporate Services and Chief Financial Officer

Pascal Bélanger, Vice President Business Development

Michael O'Gorman, Vice President Operations and Customer Experience

Executive Officers 2010 – Salaries

The salary range for the President & CEO is $225,000 to $250,000.

The salary range for Senior Vice President Corporate Services & CFO is $160,000 to $190,000.

Community Consultative Committee and their Affiliations

Dave Angus – The Winnipeg Chamber of Commerce

Hugh Eliasson – Province of Manitoba

Vic Gerden – Manitoba Aerospace Association

Marina James – Economic Development Winnipeg

Glen Laubenstein – City of Winnipeg (until October 2010)

Hubert Mesman – Travel Manitoba

Robert Ziegler – United Food & Commercial Workers

Corporate Information

Auditors:
PricewaterhouseCoopers LLP

Lead Bank:
Canadian Imperial Bank of Commerce

Legal Counsel:
Aikins, MacAulay & Thorvaldson LLP
Duboff Edwards Haight & Schachter Law Corporation
Miller Thompson LLP

Public Competitive Tendering

Winnipeg Airports Authority Inc., under the terms of its lease agreement with the Government of Canada, reports all contracts in excess of $105,000 ($75,000 in 1994 dollars) entered into during the year that were not awarded on the basis of a public, competitive, tendering process. In 2010, Winnipeg Airports Authority Inc. entered into the following contracts as described for the reasons indicated in the following table.

Sole Source Contracts over $100,000

Vendor name	Description		Value	Basis for Selection
Airport Technologies Inc.	Equipment	$	278,000	A
Airport Technologies Inc.	Equipment		278,000	A
Avion Services Corp.	Terminal and groundside security		3,730,000	D
Integrated Systems Inc.	Commissioning services		398,000	E
Lafarge Canada Inc.	Airfield sand		132,000	B
Mackenzie Project Management	Project management		250,000	E
Maxim Truck and Trailer, A division of Maxim Transportation Services Inc.	Equipment		128,000	A
SimplexGrinnell	Alarm system		201,000	B
SM Industries	Crack sealing		125,000	D
Smarte Carte Inc.	Baggage carts		243,000	A
Time Business Machines Ltd.	Parking controls		137,000	B
Toromont Industries Ltd.	Equipment		248,000	A
Unijet Industrial Pipe Service	Sewer line videos		109,000	E
Wausau Equipment Company Inc.	Equipment		312,000	A
Wausau Equipment Company Inc.	Equipment		312,000	A
Winnipeg Police Service	Terminal security		6,000,000	E

Basis for Selection

A – Introduction of products from other vendors would cause operational impacts and incur additional maintenance cost or affects the equipment standardization program.

B – A vendor has a monopoly on the technology or service because of a patent, licensing rights or proprietary system.

C – The goods and services are required due to an emergency in which delay would be injurious to WAA. An emergency is described when unforeseen circumstances arise where goods and services are needed to prevent loss of life or property or continuation of essential services or any event that is deemed to compromise the health, safety and security of WAA's employees, tenants or customers.

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. Factors must be clearly specified as to why they have the specific skills, experience, and any special expertise.

F – A strategic alliance/partnership can be formed with one vendor in order to take advantage of current technology and expertise.

G – Consistent with sound business practices and our guiding principles an alliance/partnership can be formed with one supplier in order to significantly promote the strategic objectives of WAA.

Passenger Carriers
(serving Main Terminal Building)

Air Canada

Air Canada Jazz

Air Transat

Bearskin Airlines

Calm Air

Canjet

Comair

Delta Air Lines

First Air

Iceland Express

Mesaba Aviation

Pinnacle Airlines

Sunwing

Skywest operating as United Express

Wasaya Airways

WestJet

Passenger Carriers
(other)

Air Nunavut

Canadian North

Enerjet

Execaire

Fast Air

Flair Airlines

Keystone Air Service

Kivalliq Air (a division of Keewatin Air)

Missinippi Airways

Nolinor

Northway Aviation

Perimeter Aviation

Skynorth Air

Sunwest Home Aviation

Thunder Airlines

Voyageur Airways

West Wind Aviation

Air Cargo Carriers
(Scheduled)

Cargojet

DHL (operated by Ameriflight)

Federal Express

Morningstar Air Express

Perimeter Aviation

Purolator (operated by Kelowna Flightcraft)

Transwest Air

UPS

Air Cargo Carriers
(Non-scheduled)

Centurion Cargo

Japan Airlines

Korean Air Cargo

Southern Air

Restaurants/Bars

The Exchange Brew Works & Eatery

Express Deli

Four Points Sheraton Hotel:
Restaurant and Local Heroes Sports Bar

Harvey's serving Swiss Chalet Chicken

Second Cup

Tim Hortons

Meteor Café and Grill

Stateside Deli

Retailers

AerRianta International (Duty Free)

Bothwell Cheese Store

Front Page Sports

Inter-City Leisure

Journeys Travel & Leisure

Relay (Newsstand)/Canadian Scene

Showcase Manitoba

The UPS Store

Travelex Canada

Virgin Books and Music

Hotel

Four Points Sheraton

Car Rentals

Avis Rent A Car

Budget Rent A Car

Enterprise Rent-A-Car

Hertz Rent A Car

National/Alamo Car Rental

WINNIPEG
AIRPORTS AUTHORITY

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WINNIPEG, MB R3H 1C2 waa.ca