

2006 ANNUAL GENERAL MEETING

**Address by Garth F. Atkinson
President and Chief Executive Officer**

April 19, 2006

Thank you Peter and good morning ladies and gentlemen and invited guests.

Before proceeding with my formal remarks, I am pleased to introduce the members of my senior staff who are here with us this morning:

Mr. Julien DeSchutter, Vice President Marketing
Mr. Frank Jakowski - Vice President Finance and Chief Financial Officer
Mr. Bob Schmitt - Vice President Airport Development
Mr. Wayne Smook - Senior Director Airside Operations
Mrs. Myrna Dube – Senior Director Land & Business Development

I invite you to meet with any of these individuals after the meeting to discuss current plans and operations at your airport.

I am very fortunate to serve alongside a dedicated group of people who form the staff of The Calgary Airport Authority and who met numerous challenges with great enthusiasm throughout 2005.

It is also my pleasure to thank our White Hat Volunteers who are here helping us this morning and who provide a great welcome to both returning Calgarians and visitors to our city and region.

This Annual General Meeting, along with our Annual Report that has been distributed here this morning, is an important opportunity to communicate both the results of operations for 2005 as well as our key initiatives for 2006.

I would like to bring to your attention, the revised format of our Annual Report for 2005, which we have titled “Accountability Report”. This format is designed to present a review of our operations in a straightforward, informative and cost-effective manner and also includes our 2005 audited financial statements.

The Calgary Airport Authority operates both the Calgary International and Springbank Airports and I am pleased to report that our organization met all key financial and operational objectives during 2005.

2005 was an exceptional year for passenger traffic growth as total passengers reached a record 10.2 million, an increase of 10.6% over 2004, and 30% over the past three years. Commercial aircraft movements increased to 175,000, a 7.4% increase over the prior year.

I will briefly recap our financial performance for 2005 which is detailed in the financial statements that are included in our Accountability Report. Total revenues in 2005 increased 18.9% to \$ 166 million while direct operating expenses increased 5.6% to \$ 81 million. The Federal rent payment to Transport Canada, at \$25 million dollars, remained our single largest expense. Debentures outstanding at December 31, 2005 totaled \$390 million and related interest costs were \$ 21 million for 2005.

One of the most significant events in 2005 was the renegotiation of the financial terms of our ground lease with the Federal Government. Our Federal Rent had been scheduled to increase by 125% to \$56 million dollars per year on January 1, 2006 and the amendment signed in December 2005 allowed us to avoid that financial crisis.

Unfortunately, Federal Rent remains our single largest expense. The Authority has paid \$250 million dollars in Rent to the end of 2005 and will pay another \$200 million in Rent over the next ten years alone. We have approached the new Federal Government to urgently review this situation and to provide this airport, and all airports across Canada, with a solution which will see the further reductions and hopefully the elimination of this significant user tax on Canadian air travelers.

The Airport Authority invested \$56.9 million dollars in 2005 to renovate and expand infrastructure, and has now invested a total of \$761 million in capital improvements since our commencement in 1992.

Infrastructure investments during 2005 included the following major projects:

- The terminal complex was expanded to accommodate the installation of automated baggage sortation and security equipment;
- Phase Three of a multi-year interior upgrade to Concourse B/C was completed;
- The main terminal aircraft apron was expanded to provide additional off-gate parking and older sections of the apron were replaced;
- Additional airline check-in kiosks were installed as part of a multi-year effort to optimize the use of terminal space by moving to common use facilities;
- Various components of our taxiway and runway systems were rehabilitated to ensure ongoing serviceability;
- We installed services to additional airport lands to permit continued development of aviation synergistic businesses and we also acquired 155 acres of land immediately adjacent to the airport to facilitate future development; and
- Extensive earthworks were undertaken as the first phase of a multi-year project to extend runway 16/34 at Springbank Airport from 3,000 to 5,000 ft.

A number of important longer term planning studies were undertaken in 2005 regarding ground transportation development, terminal expansion, future runway development and navigational aid requirements. These studies will assist the Authority in determining the optimum manner of meeting future growth in vehicular, passenger and aircraft movements over the next five to ten years.

Both airline seat capacity and route service options for air travelers increased during 2005 and new services were established to Honolulu and Maui, Dusseldorf, Frankfurt, Manchester and Las Vegas. Calgary is very well connected to the world with service to 116 destinations, 84 of those being non-stop. Air cargo activity was also strong and total cargo shipments reached 125,500 tonnes. Companies in Alberta now have reliable, scheduled all-cargo service to major points in Canada, the United States, Europe and Asia.

We continue to enhance services to air travelers and in 2005 we opened a number of new retail opportunities. We also enhanced our commitment to tourism with new Attractions Alberta displays and we developed two new play areas for small children, one in Concourse D and one in International arrivals.

Safety and security continue to be top priorities for the Airport Authority. In cooperation with Westjet and other stakeholders, the Authority carried out a major emergency preparedness exercise in 2005. As part of the continuing development of our over-arching Safety Management System, the Authority also completed several studies with the intention of reducing the potential for bird strikes and preventing runway incursions.

The Airport Authority is dedicated to sustainable development through the progressive development of a comprehensive environmental management system. As part of this system, our environmental practices and those of our tenants are subjected to periodic environmental audits, and we are assisted in our efforts by an experienced group of independent experts. I am also pleased to report that noise concerns from the surrounding community have declined for the 4th straight year and are lower than they were ten years ago. This progress is a reflection of the airport vicinity protection area and the ongoing renewal of aircraft fleets with much quieter aircraft. We held two Airport Community Noise Consultative Committee meetings in 2005 to provide education and awareness for representatives from communities around the airport.

Like many organizations, the Airport Authority is spending considerable time and effort to be prepared for the potential of an influenza pandemic. As a port of entry into Canada, we need to be prepared to respond quickly to direction from the health authorities and to maintain airport operations. Based on medical response protocol models developed during the SARS outbreak, the Authority is working closely with the Calgary Health Region, Calgary Emergency Medical Services, Alberta Health & Wellness and the Public Health Agency of Canada. In addition, the Airport Authority is also represented at national and international emergency preparedness forums and we are continuing to monitor developments and refine our plans.

Looking ahead to the current year, 2006, and the next five years, our plans and priorities are moving to reflect the reality of rapid growth since 2002 and the prospect of continuing growth as the local and provincial economy continues to prosper.

We have a \$59 million capital investment program for 2006 which will include the following projects:

- Pavement and terminal restoration
- Land servicing
- New vehicles, systems and equipment
- Completion of the runway extension at Springbank Airport, and
- Design for an expansion of Concourse B/C

This last project, the progressive expansion of our transborder and international capacity, will be the major terminal project over the next five to seven years and will involve several years of design, followed by a phased, multi-year construction program. A major challenge throughout projects of this nature is to provide for continued operations and good customer service, over the period of time that the concourse is being renovated and expanded.

We will also be continuing our preliminary studies with respect to the future construction of a parallel north-south runway. Our 2004 Master Plan predicted the need for this additional runway system, estimated to be in the range of \$ 300 million dollars, in approximately 8-10 years. Although new technology has been improving the capacity of the existing airfield, we are also conscious of the fact that air traffic will continue to increase in the years ahead.

Other aspects of our facility are also being studied including ground transportation and vehicle parking. We will undertake a number of short-term parking improvements in 2006 in recognition of growing demand and a third addition to our parkade structure will be undertaken within two to three years.

Following extensive discussions with City of Calgary planning officials, our Master Plan was amended in 2004 to permit the eastward extension of Airport Trail (formally 96th avenue) as part of the City's arterial road network. As this extension will intersect with the future runway and require a tunnel of approximately 800 metres, we are encouraging the City to move ahead on a design and construction timetable which would see this extension completed within a five year time horizon. We understand that very preliminary cost estimates place this extension at approximately \$ 100 million dollars and we will cooperate fully with the City to identify this project as a high priority for provincial funding.

In 2006, we will continue the development of our Safety Management System, including the staging of a live emergency exercise to test the emergency preparedness readiness of airport staff and support organizations. We will also monitor and influence service levels provided by government including Canadian Inspection Services, U.S. Border Protection and preboard screening services provided by the Canadian Air Transport Security Authority.

The Airport Authority will host two major conferences in September of 2006:

- The international Air Cargo Forum, which will bring thousands of air cargo professionals to Calgary from around the world, and
- The Summer/Winter Integrated Field Technologies Conference which supports the best in airfield practices and new technology

As I mentioned earlier, we will aggressively press the new Federal Government for a more sustainable and equitable arrangement for the ongoing burden of Federal Airport Rent.

I am pleased to report that we continued to receive excellent feedback from air travelers in 2005 when 95% of travelers surveyed rated the airport as either good or excellent. We also updated the economic impact analysis of Calgary International Airport and with a value-added GDP of \$4.9 billion and 59,000 jobs, this airport is making a significant contribution to the prosperity of the Calgary region.

Without question, there is much work to be done to respond to the demands of a growing city and province. I assure you that this Airport Authority and its people will remain passionate about turning challenges into opportunities and ensuring that Calgary International Airport continues to be a vital and productive part of this region's future.

Thank you and that concludes my formal remarks here this morning.