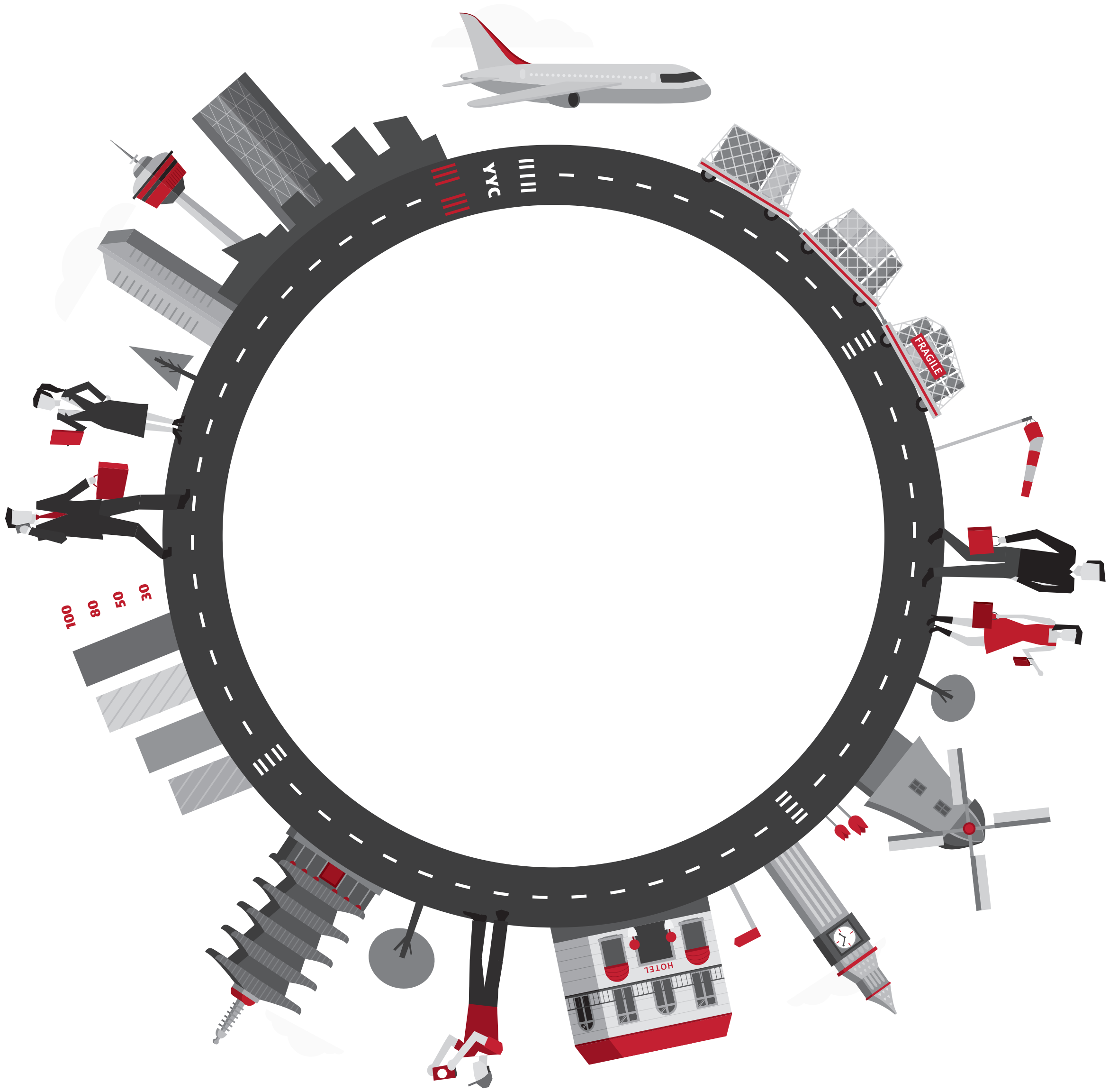
RUNWAY TO THE WORLD



YYC CALGARY AIRPORT AUTHORITY

2014
ANNUAL REPORT

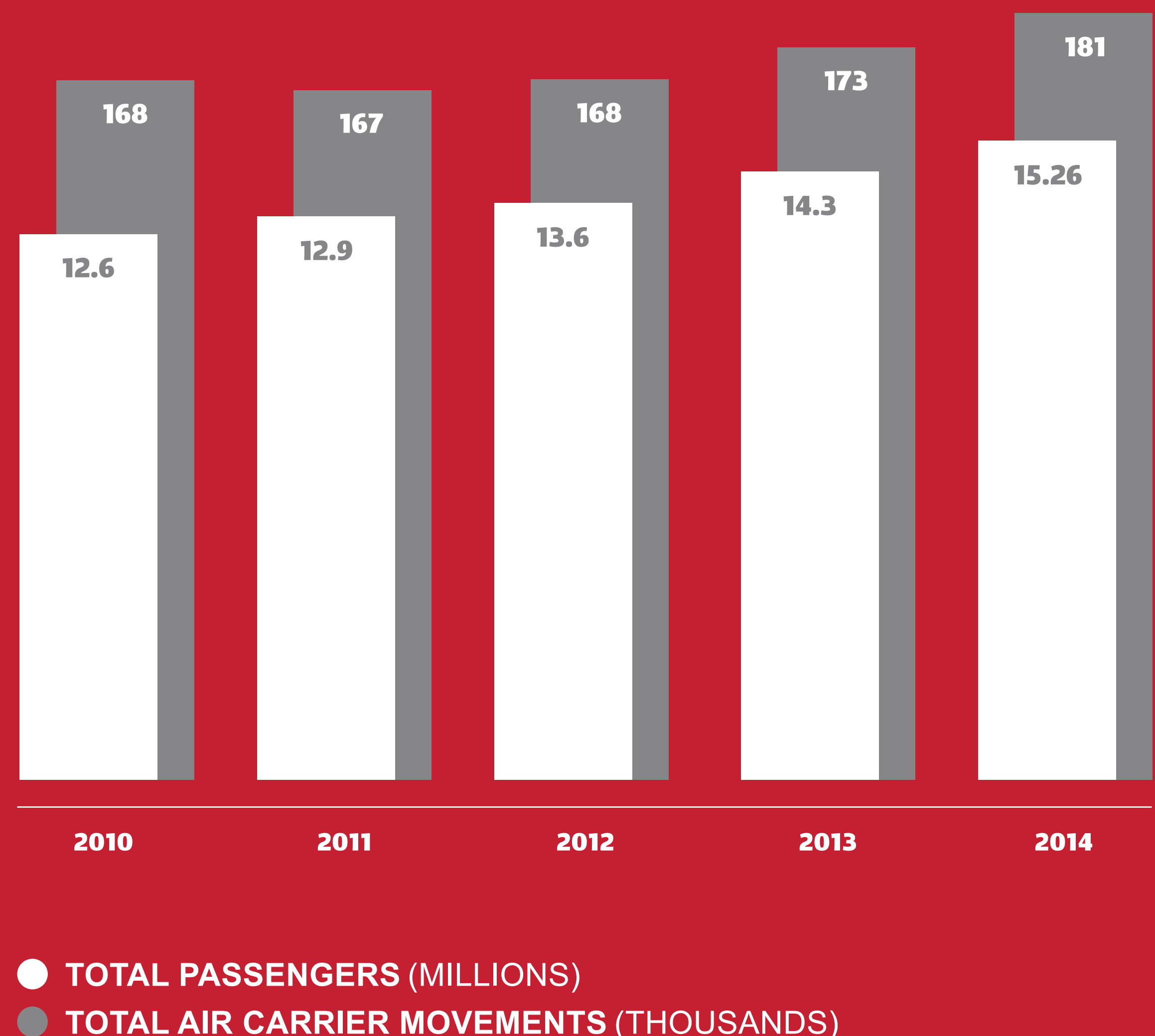
IN JUNE 2014, WE DID MORE THAN OPEN A NEW RUNWAY.

We opened another link to more economic growth, more destinations and more business...it's 14,000 feet of opportunity.

RUNWAY TO THE WORLD

2014 ANNUAL REPORT

As one of Canada's busiest transportation hubs, Calgary International Airport (YYC) has been connecting our city, province and region with the rest of the world for decades—and we've been getting busier by the year. With the opening of our new runway, we're able to accommodate even more flights to more destinations, further solidifying our position as a vital economic partner in the Alberta region and beyond.



FIVE-YEAR OUTLOOK (MILLIONS OF DOLLARS)	2015	2016	2017	2018	2019
Total Revenues	370	380	415	435	450
Operating Expenses	121	150	170	175	180
Transport Canada Rent	38	40	44	46	48
Capital Investment	630	238	143	89	54

OPERATIONS REVIEW & OUTLOOK

GARTH F. ATKINSON
President & CEO,
The Calgary Airport Authority

DAVID F. SWANSON
Board Chair,
The Calgary Airport Authority

2014 was an exciting year of growth and development at YYC as passenger traffic increased 6.6 per cent to 15.26 million and air carrier movements increased 4.9 per cent to 181,000. Total revenues increased 4.3 per cent to $366.4 million, while direct operating expenses increased 14 per cent to $101.1 million. Federal rent payable under the ground lease increased 4.3 per cent to $36.3 million and outstanding debentures as at December 31, 2014 totalled $2.3 billion.

The successful completion, commissioning and opening of new parallel runway 17L-35R on June 28, 2014 was an historic event for The Calgary Airport Authority (the Authority) and all of Western Canada.

Runway 17L-35R was planned over 40 years ago when the existing passenger terminal was constructed. Noise contour zoning was established in 1979, detailed planning commenced 10 years ago and construction commenced in 2011. At 14,000 ft. long and 200 ft. wide, Canada's longest runway is also the first airfield system in Canada with 100 per cent concrete construction and 100 per cent energy-efficient LED lighting.

Important safety features of the new runway system include:

- A Category III instrument landing system for enhanced safety during low-visibility conditions
- 300-metre runway end safety areas and extra-wide paved shoulder areas
- Inset and elevated taxiway guard lights and runway stop bars
- Distance to go signs and lights that differ in colour near the end of the runway to assist pilots in safe operations

In addition to the planning, design and rigors of construction during three very wet construction seasons, Authority staff spent several years in detailed operational readiness preparations and conducted extensive commissioning and certification activities.

To make 17L-35R a productive operational runway system, there were many important complementary initiatives that were undertaken and completed prior to the operational in-service date:

- New high-speed Oshkosh emergency response vehicles were acquired, firefighting staff were trained and extensive time trials were conducted to ensure that Transport Canada regulatory requirements were respected
- A new fleet of 'Snow Mauler' snow removal equipment was acquired and new staff were hired and trained to ensure operational efficiency during winter conditions
- The existing west runway system was re-numbered to accommodate regulatory requirements and ensure conformity with the new east airfield
- A new control tower was constructed in the mid-field area to provide good line-of-sight to the east and west airfields for air traffic controllers

In June, the Authority celebrated the completion of the new runway with thousands of Calgarians and special guests. On June 14, the Authority hosted the official ribbon-cutting ceremony attended by 1,400 Calgarians who had registered to 'run the runway.' On June 15, over 7,000 Calgarians came out to 'roam the new runway' with family and friends and view the vintage and modern aircraft on display. Finally, on Saturday, June 28, Runway 17L-35R was inaugurated with the arrival of WestJet Flight 169 from St. John's and the departure of Air Canada Flight 009 to Tokyo.

Several other important initiatives have been undertaken to enhance airfield safety at Calgary International Airport. To supplement the Airport Surface Detection Equipment (ASDE) Radar System, the airport partnered with Nav Canada to install a new Multi-Lateration Ground Surveillance System. Signals from the two systems are combined to provide enhanced target discrimination and allow air traffic controllers to identify specific aircraft and vehicles operating on the airfield. The Authority also formed a new, dedicated Airfield Safety Team. These individuals, who provide a continuous presence on the airfield, conduct airfield inspections, carry out bird and wildlife control and act as the first on-site responders during airfield emergencies.

Safety systems need to be measured and practiced. In 2014, the Authority conducted a third-party review of airport safety practices and completed a major emergency exercise, 'Operation 8-Ball.' This was a challenging night-time scenario that engaged all of the Authority's partners in emergency response procedures including the Calgary Emergency Management Agency, Calgary Police Service, Calgary Fire Department, Emergency Medical Services and Transport Canada.

In 2014, the Authority invested $632 million to renovate and expand airport infrastructure and to acquire vehicles and equipment. In addition to the new runway, substantial progress was made on the new International Terminal. By the end of 2014, the new terminal structure was enclosed and work continued on all of the electrical, mechanical, structural and baggage systems. In parallel with the new terminal, the Terminal Connectivity Program comprises 17 different projects that are designed to ensure excellent connectivity for both passengers and baggage. Substantial progress was made in 2014 on the post-security passenger movement corridors and the relocation and expansion of the Concourse C passenger screening area.

After two years of detailed planning and preparation, YYC staff carried out a complete re-designation of the existing terminal concourses and gates in one eight-hour period. This re-signing effort was seamless with no impact on passengers or operations. To improve services to air travellers, a fleet of new luggage carts was acquired and there were several retail enhancements including the new Sandstone Pharmacy.

Our 400-plus White Hat Volunteers continued to go above and beyond for our passengers seeking assistance. They also conducted 285 White Hat ceremonies throughout the year.

Both passenger and air cargo service options at YYC increased again in 2014. Cargolux increased their Luxembourg cargo service to three flights per week and a scheduled air cargo link to Asia was established with the commencement of twice-weekly service to Hong Kong by Cathay Pacific. On the passenger side, additional non-stop routes to New York (JFK), Prince George and Penticton were introduced.

There was significant commercial and industrial land development activity in 2014. This included two new multi-tenant industrial buildings in the Global Logistics Park, completion of Phase Two of the Aviation Crossing development and a new multi-tenant industrial building in the Airways Crossing development.

Aircraft movements at Springbank Airport (YBW), Canada's finest general aviation airport, were up 8.9 per cent for the year and Authority staff supported the Springbank Airport Business and Pilots Association with a very successful public open house.

The YYC Crew brought their energy and enthusiasm to work every day in 2014 and the Authority's culture was recognized again with a Top 65 Employer award. YYC staff continue to be active in many community-oriented endeavours including the Mustard Seed, the United Way of Calgary and Calgary Corporate Challenge.

Calgary International Airport continues to be a dynamic force in the Calgary economy with a total economic impact of $8.28 billion and 48,000 jobs.

OUTLOOK FOR 2015

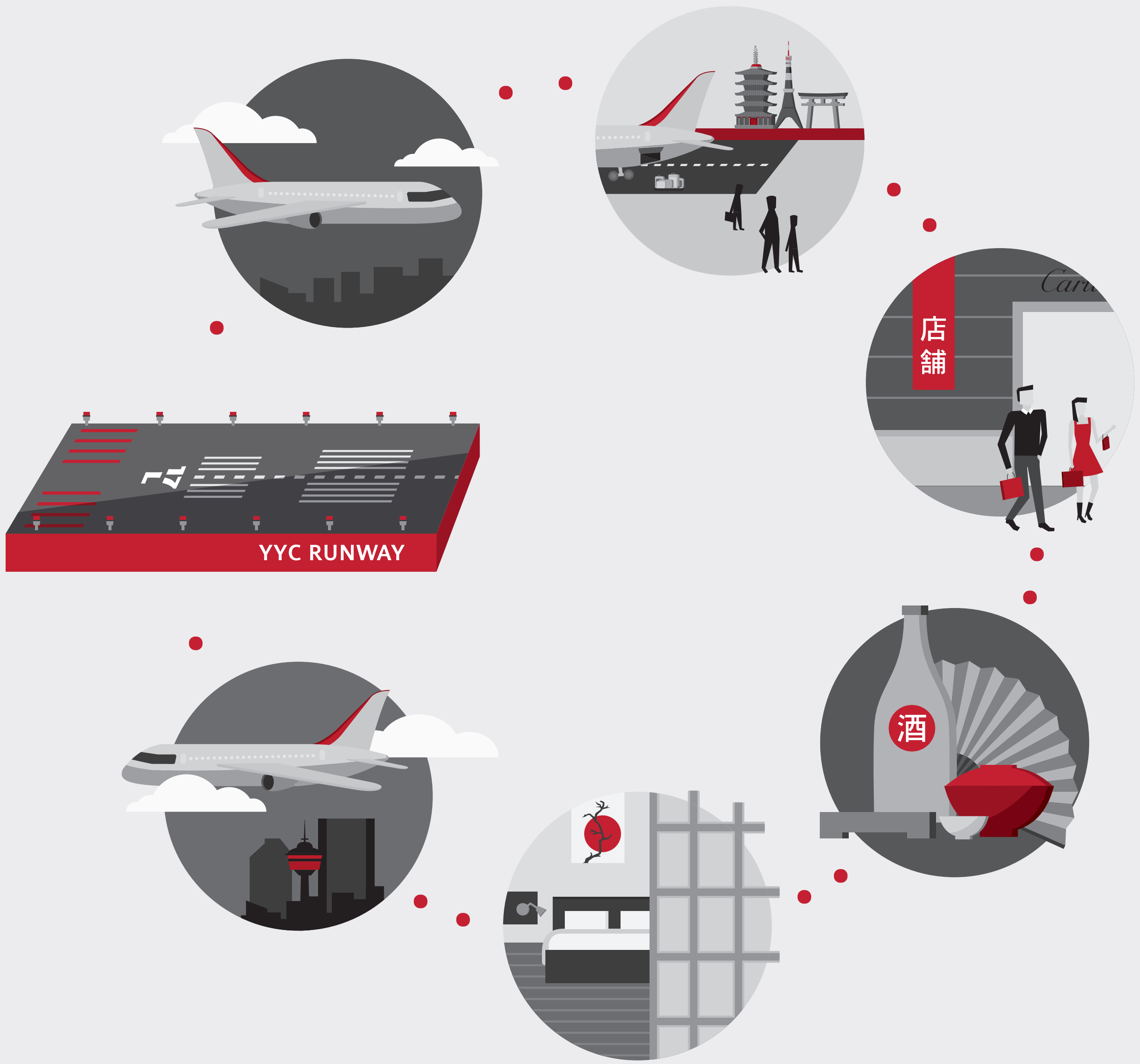
The Authority's Capital Investment Plan for 2015 is over $600 million and includes further construction on the International Terminal and Connectivity Program, as well as construction and acquisition in the following areas:

- Air Terminal Building restoration
- Telecommunications and IT systems improvements
- Completion of the Airfield Maintenance Centre
- Completion of a new south de-icing facility

In other business operations, the Authority will undertake initiatives in the areas of safety and security, continue to expand its commercial revenue base and work with air carriers to expand YYC air services.

Garth F. Atkinson
President & CEO,
The Calgary Airport Authority

David F. Swanson
Board Chair,
The Calgary Airport Authority



240 FLIGHTS PER DAY DEPART YYC TO 78 NON-STOP DESTINATIONS.

We are the key gateway for over 15 million business and leisure travellers annually.

Calgary International Airport (YYC)

EXPANSION PROGRAM OVERVIEW

Awards/Recognition:

- Top 2014 Projects: Alberta Construction Magazine
- Project of the Year: Project Management Institute - Southern Alberta Chapter (Engineering and Construction)
- Award of Merit: Consulting Engineers of Alberta Showcase Awards (Transportation Infrastructure)

RUNWAY DEVELOPMENT PROJECT

The runway is complete and has been operational as of June 28, 2014.

THE NEW RUNWAY AT YYC:

- 14,000 ft. long, 200 ft. wide and it is the longest runway in Canada
- Includes a complete airfield system with an aircraft parking apron, taxiways and other related infrastructure
- Uses 100 per cent LED lighting with over 5,000 inset and edge lights
- Required more than two million person hours to complete
- Required a $590 million investment

RUN AND ROAM THE RUNWAY

The Calgary Airport Authority celebrated the opening of the runway with the Calgary community by inviting 1,400 runners to Run the Runway on June 14 and over 7,000 guests to Roam the Runway on June 15.

THE RUN WAS IN SUPPORT OF KIDSPORT CALGARY AND FEATURED:

- A warm up with Hal Johnson and Joanne McLeod from BodyBreak
- A kick-off performance by the Heebee-jeebees
- An official ribbon-cutting ceremony with Authority President & CEO Garth Atkinson, Authority Board Chair David Swanson, Councillor Jim Stevenson and Mayor Naheed Nenshi

THE ROAM EVENT INCLUDED:

- Family-friendly activities such as a chalk zone for guests to sign the runway, a photo booth and a model airplane station
- 31 new and vintage aircraft, including Air Canada's 787 Dreamliner and WestJet's Magic Plane

Run the Runway

Roam the Runway

Roam the Runway

INTERNATIONAL FACILITIES PROJECT

- The new International Terminal will add approximately two million square feet to YYC - equivalent to 34 football fields
- There will be 22 new aircraft gates for International and U.S. destinations
- Includes new Canada and U.S. customs facilities and a 300-room hotel
- The International Terminal is a green building:
  - 660 km of in-floor radiant heating tubing
  - Co-generation will save 4,900 tonnes of CO_2 /year
  - Construction waste management – 75 per cent diversion target from landfill
- The new International Terminal features a state-of-the-art Baggage Handling System (BHS)
  - The BHS provides positive bag tracking and has the capacity to process 4,000 bags per hour
- The new International Terminal will also feature:
  - Industry-leading connections processes that allow passengers to stay in the secure area of the airport and connect seamlessly to their flights without picking up and rechecking their bags
  - A secure Connections Corridor that will be shared among three transportation modes: moving walkways, foot traffic and a Compact Transit System (CTS)
  - CTS vehicles that can transport up to 10 passengers at a time and will connect passengers from the existing terminal to the new International Terminal
- Opening – Fall 2016

The new International Terminal incorporates a number of leading-edge sustainability features.

STRATEGIC CONTEXT

MANDATE

We will:

- Manage and operate the airports for which we are responsible in a safe, secure and efficient manner
- Advance economic and community development by means that include promoting and encouraging improved airline and transportation service and an expanded aviation industry

For the general benefit of the public in our region.

OUR VISION

To be The Aviation Hub of Choice—connecting people and prosperity.

We are an aviation hub; our business is airports. In an increasingly competitive landscape, we know people have a choice and we want people to choose YYC—a hub of economic activity, a trusted neighbour, a gateway to possibilities, a place where people, purpose and commerce connect.

AIRPORT ROLE STATEMENTS

CALGARY INTERNATIONAL AIRPORT

As one of Canada's busiest airports, Calgary International Airport (YYC) is an important component of the Canadian civil air transportation system. The airport functions as an important hub for domestic, transborder and international passengers and air cargo. Working within the framework of the Regional Airports Authorities Act (Alberta), The Calgary Airport Authority is responsible for operating the facility in a safe and financially self-sufficient manner for the benefit of our region, Canada and the international community. The operation, development and capacity management of Calgary International Airport will be directed to supporting commercial and corporate air transport operations and their associated services.

SPRINGBANK AIRPORT

Springbank Airport (YBW) is a certified aerodrome and the most significant general aviation airport in the Calgary region. The operations and development of Springbank Airport will be directed to supporting light aircraft activity, including flight training, recreational flying, corporate and air charter activity and compatible aircraft maintenance, manufacturing and support operations.

KEY STRATEGIC OBJECTIVES

YYC's strategy is to grow the hub by focusing on four key strategic objectives. These objectives will position YYC, YBW and its many partners for continued success.

1. Safe, Secure and Efficient Operations

Safe, secure and efficient operations are essential as the Authority continues to grow YYC as Alberta's passenger and cargo hub. Our organization is focused on operational excellence at YYC and providing a positive experience for our customers.

We will ensure safe, secure and efficient operations at YYC through:

Integrated operations and safety systems

Safety management systems ensure a broad, systemic and proactive approach is taken in creating and maintaining a safe environment – for our employees, partners and customers.

Security systems and procedures are aligned with other agencies to provide a seamless approach to airport security.

Emergency response processes and procedures are well documented and rigorously tested on a regular basis in cooperation with city and provincial agencies, airlines and other partners.

Leveraging technologies and information

Technology systems are designed to be secure and redundant and are constantly being upgraded to support the requirements of our organization and our partners.

Constant vigilance

The Authority maintains 24/7/365 oversight through the Airport Duty Manager office. By ensuring the daily operations are well coordinated, the Authority is able to respond quickly to all operational matters at YYC.

Operational teams are dedicated to keeping all airfield, terminal and groundside facilities functioning safely and effectively.

Sustainability

The Authority is committed to being a good environmental steward and manages a number of programs that are designed to protect the environment. The Authority's environmental practices are based on a rigorous process of plans, procedures and monitoring. All new construction projects are subject to an environmental review and new technologies are continually tested in order to find new ways of minimizing our environmental footprint.

Continuous improvement

The Authority continues to pursue business practices that improve our efficiency and effectiveness. This focus means the easy adaptation and response to changing situations and requirements in an ever-evolving industry.

2. Capacity, Connectivity and Passenger Experience

The Authority is currently undertaking a major expansion program that includes a new international/transborder terminal that will add two million sq. ft. of space to YYC. In 2014, the Authority also opened a new 14,000 foot runway. Both projects add significant capacity to YYC and the wider Canadian air transportation system.

As a growing airport, the Authority is focused on ensuring passengers and baggage at YYC move and connect efficiently and effectively. By continuing to partner with local agencies, airlines and service providers, and by leveraging the latest in technology, the Authority will deliver a simplified passenger experience that is both satisfying and memorable for the millions of people travelling through YYC.

3. Commercial Growth and Development

Growing YYC's commercial portfolio is key to a successful hub strategy. The Authority is focused on three key components:

Passenger route network development

Calgary is exceptionally well served today with more passenger seats per capita than any city of comparable size. The Authority works with passenger airline partners to add new routes which provide the most strategic value to Alberta's business and tourism industries.

Cargo route network development

YYC is one of North America's leading cargo hubs with an extensive cargo network. The Authority leverages this significant base of operations at YYC to expand international all-cargo networks, supported by the synergistic growth of logistics and warehouse facilities within the cargo village.

Commercial revenue development

A strong portfolio of commercial revenues is essential to the Authority's long-term strategy of maintaining competitive aviation fees and operating YYC as a great hub airport for airlines. The new international terminal and hotel will provide significant opportunities for growth in the service sector. The Authority will continue to be a strategic developer of airport land, to ensure that development occurs in harmony with short and long-term business objectives.

4. Investing in our People

The Authority's employees – YYC Crew – are a dynamic and diverse team, committed to the success of YYC and YBW. YYC Crew are the foundation of our airports' future success. By investing in our people, we have the talent we need to ensure our airports continue to grow and develop for the benefit of our community.

We will invest in our people through three key strategies:

Attract the best talent

YYC and YBW airports are growing and so must our organization. YYC has a plan to proactively attract and retain the right talent to support a successful organization for the future.

Maintain a competitive edge

In an industry that continually changes and an airport that continues to grow, the expectations placed on our YYC Crew members are constantly evolving. We are focused on providing our Crew with the right support, tools, training and development to continually enhance the skills and competencies needed for success.

Deliver best-in-class initiatives

The Authority offers our Crew first-rate orientation programs, competitive salaries and benefit packages, ongoing professional development and numerous opportunities to give back to the community. We are focused on maintaining and developing programs that meet the needs of our Crew and nurture a culture where employees are recognized and valued for their contributions.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS
(as of December 31, 2014)

David F. Swanson
Board Chair

Terry L. Allen

Mel F. Belich

Larry M. Benke

Michael F. Casey

Kristine L. Delkus

Donald J. Douglas

Beverley K. Foy

Wendelin A. Fraser

Richard J. Hotchkiss

Donald R. Ingram

Ken M. King

Grant B. MacEachern

Laura M. Safran

Murray Sigler

P. Kim Sturgess

CORPORATE SERVICE PROVIDERS

The Toronto-Dominion Bank
Corporate Bank

Alberta Capital Finance Authority
Corporate Financing

Carscallen LLP
Corporate Legal

Walsh LLP
Corporate Legal

PricewaterhouseCoopers LLP
Corporate Auditor

Towers Watson
Corporate Pension Actuary

CORPORATE OFFICERS
(as of December 31, 2014)

Garth F. Atkinson
President & Chief Executive Officer

Bernie R. Humphries
Vice President, Operations

Frank J. Jakowski
Vice President, Finance & Chief Financial Officer

Javier Lozano
Vice President & Chief Information Officer

Marco A. Mejia
Vice President, Planning & Engineering

Stephan Poirier
Senior Vice President & Chief Commercial Officer

Cynthia M. Tremblay
Vice President, Human Resources

ACCOUNTABILITY

The corporate governance processes of the Authority are structured to promote the purposes and business of the Authority as set forth in the Regional Airports Authorities Act (Alberta).

Pursuant to the Authority's Articles of Incorporation, the following four bodies appoint Directors to the Board:

- The Long Range Planning Committee of the Calgary Chamber of Commerce, which has 10 members appointed to the Board
- The Corporation of The City of Calgary, which has three members appointed to the Board
- The Government of Canada, which has two members appointed to the Board
- Rocky View County, which has one member appointed to the Board

The following Board member changes occurred in 2014:

- Kristine L. Delkus – appointed February 2014
- Michael F. Casey – appointed August 2014
- Murray Sigler – appointed August 2014
- Stella M. Thompson – term ended August 2014
- B.A.R. (Quincy) Smith – term ended September 2014
- Darshan S. Kailly – term ended September 2014
- Grant B. MacEachern – appointed November 2014
- Terry L. Allen – appointed December 2014

BOARD COMMITTEES

The Authority's Board of Directors has committees tasked with general oversight in specific areas. The committees and their respective chairs as of December 31, 2014, were:

Audit and Finance	Beverley K. Foy
Governance and Compensation	Wendelin A. Fraser
Infrastructure Development	Mel F. Belich
Nominating	P. Kim Sturgess
Operations and Business Development	Donald R. Ingram

PUBLIC AND STAKEHOLDER ACCOUNTABILITY

The Authority strives to achieve an optimal level of public and stakeholder accountability. The processes involved in achieving this level of accountability include:

- A public Annual General Meeting;
- A published Annual Report, including audited financial statements;
- An independent review of management operations and financial performance every five years, including a published report;
- Individual annual meetings with all Appointer organizations which are attended by the Board of Directors, senior management and external auditors;
- Compliance with the Canada Lease;
- Regulatory compliance;
- Meetings with key stakeholders;
- Public notice of fee changes;
- A community consultative committee;
- An accessibility advisory council;
- Meetings with airport operators and tenants; and
- Meetings with civic officials and community organizations.

CODE OF BUSINESS CONDUCT AND CONFLICT OF INTEREST POLICY

The Authority Board of Directors has adopted a Code of Business Conduct and Conflict of Interest Policy. All Directors sign an attestation on an annual basis indicating knowledge of and compliance with this Policy.

CONTRACT REPORTING

The Authority reports on contracts in excess of $130,000 that were not awarded on the basis of a competitive process. In 2014, the following contracts met these criteria:

Contract Description	Organization	Contract Values	Reason
Installation of electrical services	Enmax Power Services Corp.	$4,160,000	Proprietary Service Provider
Installation of traffic signal	City of Calgary	$ 152,000	Proprietary Service Provider
Provision of gas & water meters and transformer upgrade	Schneider Electric	$ 814,000	Proprietary Product Provider

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Authority has implemented a corporate governance framework that aligns with best practices for effective corporate governance. The framework provides a structure of authority and accountability to enable the Board and Management to make timely and effective decisions, with the aim of fulfilling the stated purposes of the Authority, as set forth under the Regional Airports Authorities Act (Alberta). The Board is responsible for fostering the long-term success of the Authority, for its stewardship, for compliance with applicable laws and for promoting ethical conduct, integrity and transparency. The Directors have experience, business knowledge and sound judgment relevant to the Authority's activities; understand fiduciary responsibilities; have advocacy and consensus-building skills and abilities that complement other Board members; and are willing to devote sufficient time to the work of the Board and its committees.

The following information relates to the current corporate governance practices of the Authority:

1. The Board has adopted a strategic-planning process that includes long-term facility development and financial plans. Critical elements of these plans are reviewed by the Board on an annual basis in conjunction with the establishment of annual goals and budgets.
2. The Board is composed exclusively of unrelated, non-management Directors. Each Director must sign the Authority's Code of Business Conduct and Conflict of Interest Policy on an annual basis and follow the procedures prescribed therein with respect to disclosure of any potential conflict of interest. When a potential conflict of interest arises, the Director does not participate in any Board activities related to such potential conflict.

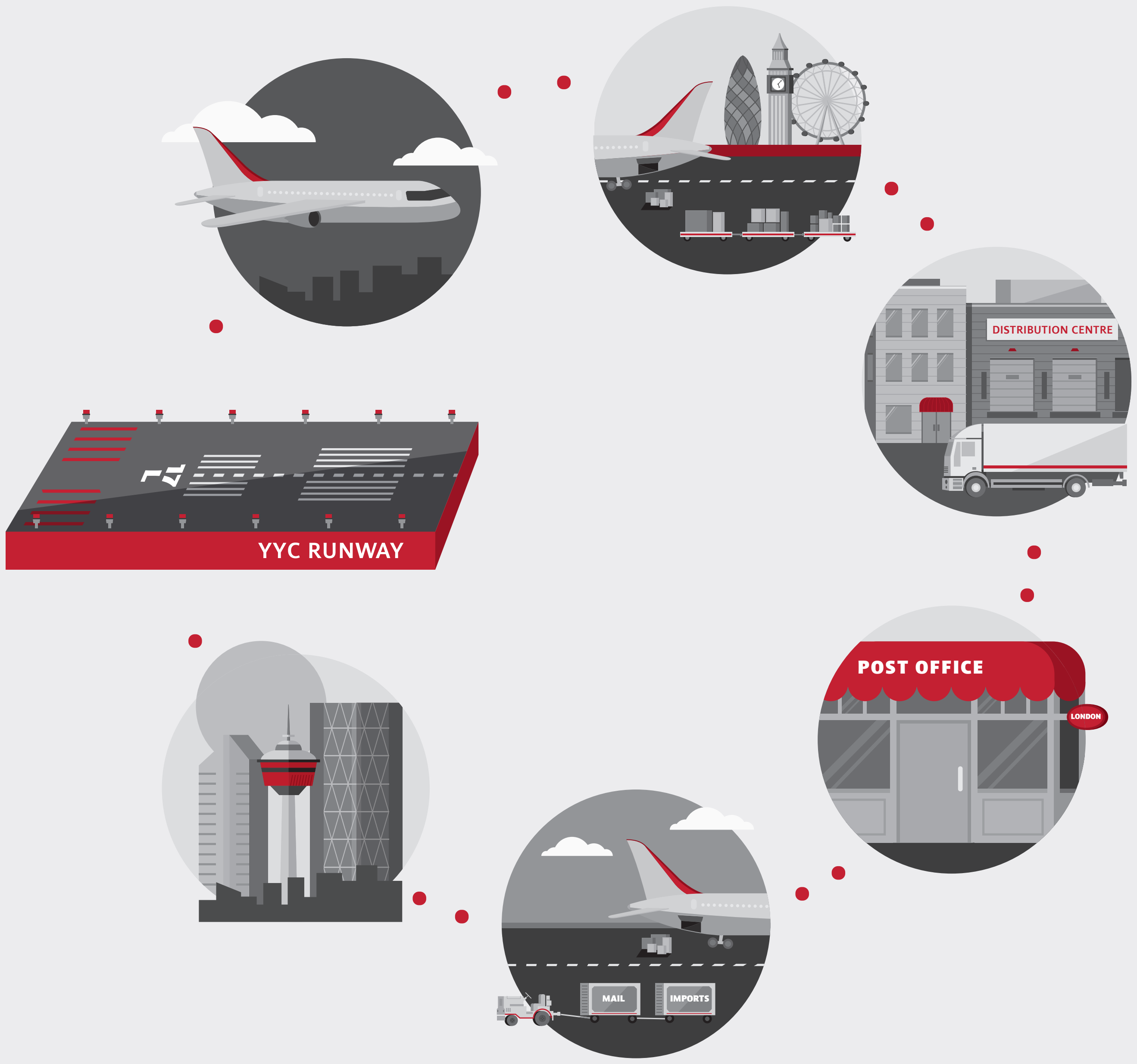
3. The Board has five committees and each committee has Board-approved terms of reference, an annual due diligence work plan and a chair who reports directly to the Board on the committee's activities. The Board's Chair and Governance and Compensation Committee ensure the Board's independence is respected and preserved. The Board also employs a full-time executive assistant.
4. The Authority has a number of systems in place to identify, manage and mitigate various risks, including:
   - An organizational structure with dedicated safety, security, and emergency planning and response personnel;
   - Corporate policies and plans covering key governance, strategic, operational and financial issues;
   - Risk transfer through contract;
   - Environmental protection, including air and water quality, solid waste and hazardous materials management, natural resources and endangered species;
   - Incident reporting, including response and remedial procedures;
   - Comprehensive Safety Management System policies, processes and procedures; and
   - Comprehensive insurance, audit and compliance programs.
5. The Board appoints the President & Chief Executive Officer (CEO). Succession planning, including the appointment, training and evaluation of senior management, is regularly monitored by the Governance and Compensation Committee.
6. The Authority has a communications policy and program, which includes communication processes associated with the general public, industry stakeholders, Appointers and employees.
7. The Authority has a comprehensive management information and reporting system in place, which includes regular reporting to the Board on key financial and operational results.
8. Board appointments are made by four Appointers in accordance with the Regional Airports Authorities Act (Alberta). The Authority's Nominating Committee is responsible for providing a list of qualified nominees to the Board for submission to the Long Range Planning Committee of the Calgary Chamber of Commerce for its decision and appointment. It is also the practice of the Nominating Committee to provide suggestions regarding qualified candidates to the other three Appointers.
9. The Board has a self-evaluation process in place to review the performance of the Board and Board committees. The Authority's Governance and Compensation Committee reviews the remuneration of Directors periodically, taking into account time commitments, the scope of the responsibilities and Directors' fees at comparable airports and/or other relevant businesses.
10. Each new Director receives a comprehensive orientation, which includes a meeting with corporate counsel, facility tours and information regarding Board and corporate operations. Each Director is provided with a Directors Handbook containing relevant reference material and receives ongoing education on relevant topics.
11. A Role Statement has been developed for the Board of Directors, and position descriptions have been developed for the Board Chair and the CEO. An Authorities Framework Document, approved by the Board, defines management authorities. The Authority's corporate objectives are approved by the Board, and the CEO is assessed by the Board against these objectives on an annual basis.
12. The Authority's Governance and Compensation Committee is responsible for the monitoring of corporate governance issues and ensuring the most current applicable governance standards are recommended for Board approval. The committee's other responsibilities include:
    - Continuing assessment of the Authority's compensation policies and related practices; and
    - Providing oversight and guidance with respect to the Authority's public and governmental affairs programs.
13. All members of the Authority's Audit and Finance Committee are independent Directors. The majority of the committee members, as well as the committee chair, are required to be financially literate. The committee's responsibilities include:
    - Oversight of corporate-level financial risks and issues that affect the overall financial stewardship of the Authority;
    - Review of financial management policies and issues, including annual budgets; banking arrangements; accounting systems and procedures; internal financial controls, including fraud-risk programs; fees to airport users; significant changes to relevant legislation and accounting standards; insurance policies; statutory remittances; pension plan policies and performance; quarterly financial status reports; oversight of litigation claims, and information technology and systems;
    - Monitoring of the external and internal audit programs and preparation of the annual financial statements; and
    - Recommending the annual appointment of the external auditor.
14. Board committees have the authority to retain advisors and consultants as they deem necessary to discharge their responsibilities.

BOARD AND COMMITTEE MEETINGS

For the period of January 1 to December 31, 2014, committee and board meeting attendance by Board members averaged 89 per cent.

YYC IS ABLE TO SHIP CARGO TO ANYWHERE IN THE WORLD WITHIN 48 HOURS.

As one of North America's leading cargo hubs, we connect buyers and sellers around the world.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Calgary Airport Authority

We have audited the accompanying financial statements of The Calgary Airport Authority, which comprise the balance sheets as at December 31, 2014 and 2013 and the statements of operations and net assets and cash flows for the years then ended and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audits. We conducted our audits 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Calgary Airport Authority as at December 31, 2014 and 2013 and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for private enterprises.

PricewaterhouseCoopers LLP

Chartered Accountants
March 25, 2015
Calgary, Alberta

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of The Calgary Airport Authority (the "Authority") is responsible for the preparation and fair presentation, in accordance with Canadian accounting standards for private enterprises, of the financial statements. The financial statements and notes include all disclosures necessary for a fair presentation of the financial position, results of operations and cash flows of the Authority in accordance with Canadian accounting standards for private enterprises, and disclosure otherwise required by the laws and regulations to which the Authority is subject.

The Authority's management maintains appropriate accounting and internal control systems, 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 the financial statements. These financial statements also include amounts that are based on estimates and judgements, which reflect currently available information.

The financial statements have been audited by PricewaterhouseCoopers LLP, an independent firm of chartered accountants, who were appointed by the Board of Directors.

The Audit and Finance Committee of the Board of Directors is composed of eight directors who are not employees of the Authority. The Committee meets periodically with management and the independent external auditors to review any significant accounting, internal control and auditing matters. The Audit and Finance Committee also reviews and recommends the annual financial statements of the Authority together with the independent auditor's report to the Board of Directors which approves the financial statements.

Garth F. Atkinson
President & Chief Executive Officer

Frank J. Jakowski, CA
Vice President, Finance & Chief Financial Officer

March 25, 2015
Calgary, Alberta

BALANCE SHEETS

thousands of dollars	As at December 31	
	2014	**2013**
Assets		
Current Assets		
Cash and short-term investments	$ 220,072	$ 233,557
Accounts receivable	29,325	38,217
Inventories (Note 3)	3,679	3,126
Prepaid expenses (Note 18)	2,329	2,765
	255,405	277,665
Capital and Intangible Assets (Note 4)	2,594,117	2,066,160
Other Assets (Note 5)	69,786	61,909
	$ 2,919,308	**$ 2,405,734**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7)	$ 143,740	$ 170,786
Interest payable on long-term debt	18,483	16,101
Deferred revenue	796	906
Current portion of other long-term liabilities (Note 8)	27,261	56,982
Current portion of long-term debt (Note 10)	75,000	-
	265,280	244,775
Other Long-term Liabilities (Note 8)	2,137	13,865
Long-term Debt (Note 10)	2,230,901	1,772,901
	2,498,318	2,031,541
Net Assets	420,990	374,193
	$ 2,919,308	**$ 2,405,734**

Commitments and contingencies (Notes 6, 10, 12, 18 and 19)

Approved on behalf of the Board:

David F. Swanson,
Chair

Beverley K. Foy,
Director

(See accompanying notes to the financial statements)

STATEMENTS OF OPERATIONS AND NET ASSETS

thousands of dollars	Year ended December 31	
	2014	**2013**
Revenues		
Airport improvement fees	$ 148,172	$ 142,239
General terminal fees	46,460	43,762
Concessions	52,213	49,274
Car parking	41,434	38,777
Aircraft landing fees	37,122	34,515
Other aeronautical fees	17,987	16,659
Land rental	15,192	14,108
Space rental	5,150	5,056
Other revenue	2,665	6,936
	366,395	351,326
Expenses		
Goods and services	68,409	58,195
Canada Lease (Note 12)	36,269	34,761
Interest (Note 17)	30,943	24,320
Salaries and benefits	24,418	22,673
Property taxes	8,280	7,841
Airport improvement fee collection costs	6,023	7,086
Amortization	103,667	94,819
	278,009	249,695
Earnings from Operations	88,386	101,631
Other Income (Loss):		
Realized and unrealized change in fair value of forward starting interest rate swap contracts (Note 9)	(47,767)	93,746
Actuarial gain on post-employment pension benefits (Note 13)	6,178	4,658
Net Income	46,797	200,035
Net Assets, Beginning of Year	374,193	174,158
Net Assets, End of Year	**$ 420,990**	**$ 374,193**

(See accompanying notes to the financial statements)

STATEMENTS OF CASH FLOWS

thousands of dollars	Year ended December 31	
	2014	**2013**
Cash provided by (used for):		
Operations		
Net Income	$ 46,797	$ 200,035
Add (deduct) non-cash items:		
Amortization	103,667	94,819
(Gain) loss on disposals	(56)	840
Accrued retiring allowance	(127)	(2,512)
Interest rate swap contracts realized and unrealized loss (gain)	47,767	(93,746)
Actuarial gain on post-employment pension benefits	(6,178)	(4,658)
	191,870	194,778
Change in non-cash working capital:		
Accounts receivable	8,892	(2,136)
Inventories	(582)	(91)
Prepaid expenses	436	1,664
Accounts payable and accrued liabilities	7,350	16,541
Interest payable on long-term debt	2,382	2,727
Deferred revenue	(110)	(608)
Cash flow from operations	210,238	212,875
Financing		
Increase in long-term debt	533,000	407,901
Interest rate swap contracts settlement	(89,019)	(120,206)
Other assets	(1,699)	(231)
Repayments of other long-term liabilities	(70)	(210)
Total financing activities	442,212	287,254
Investing		
Investment in capital and intangible assets	(631,694)	(761,906)
Recovery of interest rate swap contracts security	-	169,900
Proceeds from disposals	155	234
Change in accounts payable and accrued liabilities related to capital and intangible assets	(34,396)	41,830
Total investing activities	(665,935)	(549,942)
Decrease in Cash	**(13,485)**	**(49,813)**
Cash and Short-term Investments, Beginning of Year	**233,557**	**283,370**
Cash and Short-term Investments, End of Year	**$ 220,072**	**$ 233,557**
Cash and short-term investments consist of:		
Cash in bank	$ 27,653	$ 24,358
Short–term investments	192,419	209,199
	$ 220,072	**$ 233,557**

Supplementary Information (Note 17)

(See accompanying notes to the financial statements)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2014

1 DESCRIPTION OF BUSINESS

The Calgary Airport Authority (the "Authority") was incorporated in July 1990 under the Regional Airports Authorities Act (Alberta) (the "Act") as a non-share capital corporation. The mandate of the Authority, as defined in the Act, is to manage and operate the airports for which it is responsible in a safe, secure and efficient manner and to advance economic and community development by means that include promoting and encouraging improved airline and transportation service and an expanded aviation industry; for the general benefit of the public in its region.

The Authority has operated Calgary International Airport since July 1992, under a lease from the Government of Canada (the "Canada Lease"). The Canada Lease has an initial term of 60 years with a 20-year option that was exercised in 2011. In October 1997, the Authority entered into a lease with the Government of Canada for the operation of Springbank Airport for a term concurrent with the Canada Lease term. The Authority has an option to purchase Springbank Airport for one dollar at any time during the term of the lease.

Pursuant to the Act, the Authority shall operate as a not-for-profit corporation and as such, the Authority reinvests all net income in the capital renovation and expansion requirements of the airports for which it is responsible. In addition to the investment of net income, the Authority is authorized to borrow to invest in airport infrastructure, and current borrowings are detailed in Note 10. Capital includes investment in both leasehold and freehold assets of the Authority, as detailed in Note 4. Renovation requirements are determined through life-cycle management processes and physical asset inspections, while expansion requirements are determined in reference to airport capacity and demand. Capital requirements are generally determined on an annual basis in conjunction with the Authority's Business Plan, although larger projects may involve financial commitments that extend beyond one year. The Authority conducts an annual re-evaluation of projected economic conditions and facility demand factors.

At December 31, 2014, the Authority was in compliance with all externally imposed requirements regarding the management of capital. Failure to comply with these requirements could potentially result in the Authority being deemed non-compliant with the terms of the Canada Lease, the Airport Improvement Fee Agreement (Note 2) and the Credit Agreement (Note 10).

2 SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards for Private Enterprises

These financial statements have been prepared in accordance with Canadian Accounting Standards for Private Enterprises ("ASPE") which sets out generally accepted accounting principles ("GAAP").

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, commitments and contingencies at the date of the financial statements and the reported amounts of revenues, expenses and other income (loss) during the reporting period. Actual results could differ from these estimates.

Airport Improvement Fees

The Authority derives revenue from the Airport Improvement Fee (the “AIF”), which is collected by air carriers pursuant to an agreement among various airports in Canada, The Air Transport Association of Canada and air carriers serving Canadian airports that are signatories to the agreement (the “AIF Agreement”). Pursuant to the AIF Agreement, signatory airlines receive a 4% (2013 – 5%) collection fee. AIF revenue is used to fund the costs of new airport infrastructure and costs of major improvements to existing facilities at Calgary International and Springbank Airports, as well as related financing costs, debt repayment and the collection fee retained by the signatory airlines. The AIF as at December 31, 2014 was $30 (2013 - $30) for each originating passenger departing Calgary International Airport.

Cash and Short-term Investments

Cash and short-term investments comprising pooled money-market funds are recorded at fair value.

Accounts Receivable

Accounts receivable are reported net of any allowance for bad debts that are estimated to occur. The allowance for 2014 is $44,217 (2013 - $60,733). Bad debt expense of $16,794 (2013 - $1,951) has been included in Goods and services in the Statements of Operations and Net Assets.

Inventories

Inventories of consumable supplies are stated at the lower of cost (cost being determined using the weighted average cost of materiel purchased) and net realizable value.

Capital and Intangible Assets

Capital and intangible assets are recorded at cost and amortized over their estimated useful lives at the following annual rates:

Vehicles	18–30%	declining balance
Machinery & equipment	5–30 years	straight-line
Computer equipment	3 years	straight-line
Furniture & fixtures	3-10 years	straight-line
Intangibles – computer software	3 years	straight-line

The various components of the air terminal building, other buildings and structures and roadways and airfield surfaces are amortized on a straight-line basis over 5 to 57 years, based on the estimated economic useful life of the component asset, limited to the term of the Canada Lease. These structural assets will revert to the Government of Canada upon the expiration of the Canada Lease.

The Authority has previously purchased Land for operational purposes and future development. The Canada Lease requires that at commencement of development the applicable Land be transferred to the Government of Canada at which time the Authority reclassifies the Land to Leased land and commences amortization on a straight-line basis over the remaining full fiscal years of the Canada Lease.

Construction work in progress is capitalized to Construction in progress at cost. Costs are transferred to the appropriate capital asset account, and amortization commences when the project is completed and the assets become operational.

Impairment of Long-lived Assets

The Authority uses a two-step process for determining whether an impairment of long-lived assets should be recognized in the financial statements. If events or changes in circumstances indicate that the carrying value of a long-lived asset may have been impaired, a recoverability analysis is performed based on the estimated undiscounted future cash flows to be generated from the asset’s operations and its projected disposition. If the analysis indicates that the carrying value is not recoverable from future cash flows, the long-lived asset is written down to its estimated fair value and an impairment loss is recognized in the statement of operations.

Capitalized Interest

Interest costs associated with the long-term debt utilized for the construction of capital assets are capitalized until the assets are placed in service and are being amortized based on the estimated average life of the assets constructed on a straight-line basis over a 25-year period.

Employee Future Benefits

The Authority has a retirement pension plan for all permanent employees and term employees who have completed 24 months of continuous service. The retirement pension plan has both defined benefit and defined contribution components. The Authority does not provide any non-pension post-retirement benefits. Actuarial valuations for post-employment pension benefit plans are calculated annually by accredited actuaries using the projected benefits method. The related post-employment pension benefit asset/liability recognized in the statements of financial position is the present value of the post-employment pension benefit obligation at the balance sheet date less the fair value of plan assets, if any. The present value of the post-employment benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that have terms to maturity approximating the terms of the related pension liability. Actuarial gains and losses are recognized in full in the period in which they occur, in net income. Current service cost, the recognized element of any past service cost and the interest arising on the pension plan are included in salaries and benefits on the Statements of Operations and Net Assets. Past service costs are recognized immediately to the extent the benefits are vested. For funded plans, surpluses are recognized only to the extent that the surplus is considered recoverable. Recoverability is primarily based on the extent to which the Authority can unilaterally reduce future contributions to the plan. The change in the long-term pension benefit obligation in the year is recognized in the Statements of Operations and Net Assets.

Deferred Revenue

Deferred revenue consists primarily of land leasing, space rental and aeronautical fee revenue received in advance of land or facilities being utilized.

Revenue Recognition

Aircraft landing, general terminal and other aeronautical fees and car parking revenues are recognized as the airport facilities are utilized. Concession revenues are recognized on the accrual basis and calculated pursuant to the related agreements if the amount to be received can be reasonably estimated and collection is reasonably assured. Rental income from land and terminal space is recognized at the commencement of each month when rent is due. Other income is recognized when earned or received. The AIF revenue is recognized when originating departing passengers board their aircraft as reported by the airlines.

Leases

The Canada Lease and Springbank Lease are accounted for as operating leases.

Financial Instruments

Cash, short-term investments, accounts receivable, accounts payable and accrued liabilities and demand operating loans are initially measured at fair value and subsequently carried at amortized cost. Long-term debt is initially measured at fair value and subsequently carried at amortized cost. The forward starting interest rate swap contracts are initially measured at fair value and subsequently carried at fair value (Note 9).

Fair Value

The fair value of the Authority's financial instruments, other than long-term debt and forward starting interest rate swap contracts, approximates their carrying value due to their short-term nature. The realized and unrealized change in the fair value of the forward starting interest rate swap contracts (Note 9) is recognized in the Statements of Operations and Net Assets and disclosed in the Balance Sheets until the contracts are settled.

Forward Starting Interest Rate Swap Contracts

The Authority has utilized forward starting interest rate swap contracts (the "Swap Contracts") (Note 9) to manage interest rate risk on its anticipated future long-term borrowings associated with the major expansion of airport infrastructure. ASPE does not recognize hedge accounting for these Swap Contracts. The fair value of the outstanding forward starting interest rate swap contract is disclosed separately in the balance sheets until the contract is settled.

3 INVENTORIES

At December 31, 2014, all inventories are carried at weighted average cost. During the year, $2.6 million (2013 - $2.2 million) was recognized as an operational expense in Goods and services, of which a nominal amount for obsolescence for both years was written off.

4 CAPITAL AND INTANGIBLE ASSETS

thousands of dollars	As at December 31, 2014		
	Cost	Accumulated Amortization	Net Book Value
Capital Assets			
Land	$ 3,303	$ -	$ 3,303
Leased land	24,513	2,407	22,106
Air terminal building	1,030,283	524,387	505,896
Other buildings & structures	254,817	83,176	171,641
Roadways & airfield surfaces	668,416	140,214	528,202
Computer equipment	31,970	22,057	9,913
Vehicles	34,485	18,173	16,312
Machinery & equipment	25,235	11,855	13,380
Furniture & fixtures	12,654	6,539	6,115
Construction in progress	1,181,816	-	1,181,816
Capitalized interest	158,368	29,358	129,010
	3,425,860	838,166	2,587,694
Intangible Assets			
Computer software	25,092	18,669	6,423
	$ 3,450,952	**$ 856,835**	**$ 2,594,117**

thousands of dollars	As at December 31, 2013		
	Cost	Accumulated Amortization	Net Book Value
Capital Assets			
Land	$ 3,303	$ -	$ 3,303
Leased land	24,513	2,004	22,509
Air terminal building	795,776	466,602	329,174
Other buildings & structures	234,815	74,874	159,941
Roadways & airfield surfaces	324,516	119,684	204,832
Computer equipment	23,558	20,329	3,229
Vehicles	31,765	15,115	16,650
Machinery & equipment	19,709	12,360	7,349
Furniture & fixtures	12,049	6,063	5,986
Construction in progress	1,223,408	-	1,223,408
Capitalized interest	112,631	24,700	87,931
	2,806,043	741,731	2,064,312
Intangible Assets			
Computer software	19,355	17,507	1,848
	$ 2,825,398	**$ 759,238**	**$ 2,066,160**

Interest in 2014 of $45.7 million (2013 - $35.3 million) in respect to borrowings for infrastructure expansion under the long-term debt facility was capitalized.

5 OTHER ASSETS

thousands of dollars	As at December 31	
	2014	**2013**
Pension benefit asset (Note 13)	$ 7,461	$ 1,283
Forward starting interest rate swap contracts security (Note 9)	60,000	60,000
Other assets	2,325	626
	$ 69,786	$ 61,909

6 OPERATING LINE OF CREDIT

The Authority has a $35.0 million operating line of credit (the "Operating Facility") bearing interest at the bank's prime lending rate plus applicable pricing margin. The Operating Facility is unsecured and repayment terms are on demand. Letters of Credit drawn on the Operating Facility for specific operational expenses and capital projects amounting to $9.9 million were outstanding at December 31, 2014 (2013 - $7.8 million).

7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Goods and services taxes payable to the Government of Canada as at December 31, 2014 were $NIL (2013 - $NIL) and are included in accounts payable and accrued liabilities.

8 OTHER LONG-TERM LIABILITIES

thousands of dollars	As at December 31	
	2014	**2013**
Security deposits (a)	$ 2,617	$ 2,203
Retiring allowance (b)	498	625
Deferred Canada Lease rent (c)	484	968
Forward starting interest rate swap contracts (Note 9)	25,799	67,051
	29,398	70,847
Less: Current portion		
Security deposits (a)	528	468
Retiring allowance (b)	450	543
Deferred Canada Lease rent (c)	484	484
Forward starting interest rate swap contracts (Note 19)	25,799	55,487
	27,261	56,982
	$ 2,137	$ 13,865

a. The Authority receives cash security deposits or letters of credit from commercial operators and new airline operators to provide the Authority with security on the associated potential accounts receivable.

b. The Authority no longer has the obligation to accrue a retiring allowance for all permanent employees. The value outstanding is the accrued amount deferred by employees until retirement.

c. In 2003, the Authority entered into an agreement with Transport Canada to defer a portion of the Canada Lease rent payments. The deferred rent is being paid, without interest, over a 10-year period to 2015. The Authority has segregated the deferred rent cash into a separate investment account (included in Cash and short-term investments), and annual payments are made from this account.

9 FORWARD STARTING INTEREST RATE SWAP CONTRACTS

The Authority established an interest rate hedge program (the "Hedge Program") to manage interest rate risk on its anticipated future long-term borrowings associated with the major expansion of airport infrastructure. The purpose of the Hedge Program and Swap Contracts was to fix the effective rate of interest at approximately 5% on anticipated borrowings for the Airport Development Program that commenced in 2011.

The Hedge Program consisted of the placement of 17 quarterly forward starting interest rate swap contracts (the "Swap Contracts") placed with the Toronto Dominion Bank (the "TD Bank"). The term, notional amount and timing of the Swap Contracts were based on the Authority's forecasted borrowing profile over the quarterly periods from March 2011 to March 2015. The anticipated borrowings will be made by debenture under the Credit Agreement (the "Credit Agreement") with the Alberta Capital Finance Authority (the "ACFA"). The first Swap Contract settled in March 2011 and the remaining 16 contracts have settled or will settle in each consecutive subsequent quarters through March 2015.

The Swap Contracts are secured by an initial cash deposit of $60.0 million and additional cash security, in minimum increments of $5.0 million, is required when the mark to market (the "MTM") value of the Swap Contracts is greater than negative $85.0 million. Correspondingly, the Authority has the right to margin call any excess amounts over the $85.0 million, in similar $5.0 million increments, in the event the MTM value of the contracts diminishes by $5.0 million or more. The MTM is determined and quoted by TD Securities. The Authority has the right to terminate any of the Swap Contracts at any time prior to maturity.

The Swap Contracts were placed at various fixed interest rates ranging from 4.85% to 5.30% on the notional debt principal amounts ranging from $13 million to $137 million. The Swap Contracts MTM value is derived by comparing the present value of each original Swap Contract to the present value of equivalent swap contracts with the same notional value and term, but at current rates. At December 31, 2014, the MTM value of the Swap Contract as determined by TD Bank was a negative $25.8 million (2013 – negative $67.1 million). The total negative change in the fair value of the Swap Contracts in 2014 was $47.8 million (2013 – positive $93.7 million). The cash settlement paid for the 4 Swap Contracts in 2014 was $89.0 million (2013 - $120.2 million).

10 LONG-TERM DEBT

The Authority's Credit Agreement with ACFA was amended in December 2014 and has a maximum credit commitment of $2.99 billion to finance the construction and acquisition of capital assets. Borrowings under the Credit Agreement are secured by a Fixed and Floating Charge Debenture including Assignment of Leases and Rents.

The ACFA debentures issued and outstanding prior to December 31, 2003 (series 2002) require annual interest payments on the anniversary date of issue, while all new debentures issued subsequent to this date require semi-annual interest payments. Throughout the period when any debentures are outstanding, the Authority is required to maintain an interest coverage ratio, as defined, of not less than 1.25:1 and net cash flow greater than zero, as determined as of the end of any fiscal quarter on a rolling four fiscal quarter basis. The Authority is in compliance with all required debt covenants.

The bullet debentures issued and outstanding under the Credit Agreement are:

thousands of dollars			As at December 31	
			2014	**2013**
Series	Interest Rate	Due Date	Debenture Amount	Debenture Amount
2002-4	6.0625%	February 15, 2017	$ 50,000	$ 50,000
2002-8	6.3125%	April 2, 2017	25,000	25,000
2002-9	6.0625%	December 16, 2022	70,000	70,000
2004-10	5.1245%	December 1, 2023	20,000	20,000
2005-12	4.5440%	February 15, 2015	25,000	25,000
2005-13	4.9590%	April 6, 2020	25,000	25,000
2007-14	4.7950%	February 15, 2027	50,000	50,000
2010-15	4.6790%	February 16, 2025	25,000	25,000
2010-16	4.6640%	March 15, 2025	30,000	30,000
2010-17	3.1870%	June 15, 2015	50,000	50,000
2011-19	4.5440%	March 15, 2031	13,000	13,000
2011-20	4.2760%	June 15, 2031	25,000	25,000
2011-21	3.7575%	August 11, 2031	100,000	100,000
2011-22	3.8080%	September 19, 2031	100,000	100,000
2011-23	3.5590%	December 15, 2031	75,000	75,000
2012-24	3.4750%	February 15, 2032	50,000	50,000
2012-25	3.4670%	March 15, 2032	137,000	137,000
2012-26	3.4140%	April 2, 2032	25,000	25,000
2012-27	3.4200%	June 29, 2032	200,000	200,000
2012-28	3.4005%	September 17, 2032	86,000	86,000
2012-29	3.2460%	October 4, 2032	75,000	75,000
2012-30	3.1340%	December 17, 2027	109,000	109,000
2013-31	3.2580%	March 15, 2028	89,000	89,000
2013-32	3.4090%	June 17, 2028	98,000	98,000
2013-33	4.2580%	September 16, 2033	113,000	113,000
2013-34	4.0590%	December 1, 2033	107,901	107,901
2014-35	3.8550%	March 17, 2034	83,000	-
2014-36	3.5130%	June 16, 2029	200,000	-
2014-37	3.2930%	September 16, 2029	100,000	-
2014-38	3.1550%	December 15, 2029	150,000	-
			2,305,901	1,772,901
Less: Current portion			75,000	-
			$ 2,230,901	$ 1,772,901

The Authority has a Letters of Credit Facility ("L/C Facility") with the Toronto-Dominion Bank to a maximum of $55.0 million for issuance of Letters of Credit in respect to requirements under the Credit Agreement to secure 50% of the annual interest payable to ACFA. The L/C Facility is secured such that it ranks pari passu with the Credit Agreement. At December 31, 2014, the contingent indebtedness under the L/C Facility was $24.7 million (2013 - $13.8 million).

11 INCOME TAXES

Pursuant to the Canada Lease, income that may reasonably be regarded as being derived from airport business is exempt from federal and provincial income taxes. All reported income in 2014 and 2013 is considered to be derived from airport business and therefore exempt from income tax.

12 OPERATING LEASE COMMITMENTS

The Authority pays an annual lease rental payment based on a sliding scale percentage of gross revenue to Transport Canada pursuant to the Canada Lease.

The estimated lease rental payment obligations over the next five years are:

thousands of dollars	
2015	$ 38,150
2016	40,130
2017	43,550
2018	46,130
2019	48,280

The Authority is committed to payments under operating leases for vehicles, equipment and office space for the next three years amounting to:

thousands of dollars	
2015	$ 738
2016	532
2017	411

13 PENSION FUNDS

The Authority sponsors a registered pension plan (the "Plan") for its employees that has both defined benefit and defined contribution components. The defined benefit plan was closed to new employees effective August 1, 2013. For certain individuals whose benefits are limited under the Plan, that portion that is in excess of the maximum benefits permitted under the Plan by the Canada Revenue Agency is payable out of general revenue and charged to a notional pension expense. Pensions payable from the defined benefit components are generally based on a member's average annual earnings near retirement and indexed annually to 100% of the Canadian Consumer Price Index. The Authority accrues its obligations and related costs under the Plan, net of Plan assets.

The Authority has adopted various policies in respect to the Plan.

a) The cost of pensions under the defined benefit component earned by employees is actuarially determined using a funding valuation for the Registered Plan and an accounting valuation for the Non-Registered Plans which was the projected benefit method and assumptions for the discount rate, salary escalation and retirement ages of employees.

b) The pension cost for the defined contribution component is equal to the contributions made by the Authority to the Registered Plan during 2014.

c) Registered Plan assets are valued at fair value for the purpose of calculating the expected return on the Plan assets.

d) At December 31, 2014, the assets for the defined benefit component were invested in various pooled funds managed by Pyramis Global Advisors, a Fidelity Investments Company and certain TD Securities index funds.

e) Due to the nature of the benefit promise, the Authority's defined benefit obligation cannot be accurately predicted. Gains and losses arise because of changes in assumptions and from experience differing from what has been assumed. Under CPA Canada handbook section 3462, these gains and losses are recognized immediately in the Statements of Operations and Net Assets.

f) Differences in the actual return on plan assets and the return using the discount rate are recognized immediately in the Statements of Operations and Net Assets.

g) The last actuarial valuation for funding purposes of the Plans was prepared as at January 1, 2014. The next scheduled actuarial valuation of the Plans for funding purposes will be performed as at January 1, 2015.

h) The Authority uses a December 31 measurement date.

The Authority's net pension cost for 2014 amounted to a negative $4.7 million (2013 – negative $1.0 million) for the defined benefit component and $305,000 (2013 – $164,000) for the defined contribution component, and the pension expense in respect of the notional account is $10,000 (2013 – $95,000).

Based on an actuarial valuation dated January 1, 2014, and extrapolated to December 31, 2014, the status of the Authority's Plan is as outlined below.

thousands of dollars	As at December 31	
	2014	**2013**
Market value of Plan assets	$ 85,054	$ 72,651
Pension benefit obligations	77,593	71,368
Pension benefit (asset)	$ (7,461)	$ (1,283)

Accrued pension benefit obligations as of December 31, 2014 includes $14.2 million (2013 – $12.2 million), which will be funded from the Authority's general revenues rather than Plan assets. This pension obligation is pursuant to the Letter of Undertaking signed June 1992, which guaranteed that benefits earned after the Plan's effective date will not be less than the pension and indexing provisions under the Public Service Superannuation Act and the Supplementary Retirement Benefits Act (Minimum Guarantee) in respect of eligible Plan members at that date.

The Authority's policy is to invest fund assets primarily in a balanced or diversified manner in accordance with the Pension Benefits Standards Act, with set maximums and minimums in Fixed income securities, Canadian equities, Foreign equities and Short-term investments. The asset allocation of the defined benefit balanced fund at December 31 was:

	2014	**2013**
Fixed income securities	49%	37%
Canadian equities	16%	28%
Foreign equities	35%	35%
Short-term investments	0%	0%

The significant actuarial assumptions adopted in measuring the Authority's pension benefit obligation are:

	2014		**2013**	
	Registered Plan	Non-Registered Plan	Registered Plan	Non-Registered Plan
Discount rate				
a) Year-end pension benefit obligation	5.90%	4.00%	6.00%	4.75%
b) Net benefit cost	5.90%	4.75%	6.00%	4.00%
Rate of salary increases	3.00%	3.00%	3.00%	3.00%
Pre/Post retirement indexing	2.25%	2.25%	2.25%	2.25%

Other information about the Authority's Plan is:

thousands of dollars	**2014**	**2013**
Employer contributions (defined benefit and minimum guarantee)	$ 1,612	$ 1,484
Employer special contribution (defined benefit)	1,570	2,298
Employer contributions (defined contribution)	305	164
Employee contributions (defined contribution)	693	482
Benefits paid	1,673	1,650

The employer special contribution of $1.6 million ($2.3 million in 2013) was the required annual payment in 2014 to fund the solvency deficiency as determined by the January 1, 2014 actuarial valuation.

14 FINANCIAL ASSETS AND LIABILITIES

Risk Management

The Authority's Board is responsible for understanding the principal risks of the business in which the Authority is engaged, achieving a proper balance between risks incurred and the legislated purpose of the Authority and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Authority. The Board has established the Audit and Finance Committee, which reviews significant financial risks associated with future performance, growth and lost opportunities identified by management that could materially affect the Authority's ability to achieve its strategic and operational targets. The Board is responsible for confirming that management has procedures in place to mitigate identified risks.

Credit Risk

The Authority is subject to credit risk through its accounts receivable, which consist primarily of aeronautical fees and Airport Improvement Fees owing from air carriers and concession fees owing from concession operators. The majority of concession fees owing are settled on a monthly basis 15 days after the end of each month. The majority of aeronautical fees owing are billed every 7 days and settled 15 days thereafter. The majority of Airport Improvement Fees owing are settled on a monthly basis on the first day of each subsequent month. Accounts receivable credit risk is reduced by the Authority's requirement for letters of credit, customer credit evaluations and maintaining an allowance for potential credit losses. The Authority'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, the Authority's ability to increase its rates and fees provides further mitigation of these risks. At December 31, 2014, the aging analysis of accounts receivable identified no significant impairments.

Liquidity Risk

The Authority 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. The Authority achieves mitigation of liquidity risk through funds generated by operations and ready access to sufficient long-term funds as well as committed lines of credit through a credit facility. The Authority has a policy to invest its cash balances in short-term pooled money market funds whose underlying investment policy restricts these investments to federal and provincial government securities and in securities of larger, high investment-grade rated Canadian institutions.

Foreign Currency Risk

The Authority's functional currency is the Canadian dollar, and major purchases and revenue receipts are transacted in Canadian dollars. Management believes that foreign exchange risk from currency conversions is negligible.

Interest Rate Risk

Interest rate risk arises because of fluctuations in interest rates. The Authority is exposed to interest rate risk on its cash in interest-bearing accounts, short-term investments and its operating line of credit which are maintained to provide liquidity while achieving a satisfactory return. The Authority is also exposed to interest rate risk associated with future borrowings and refinancing requirements and the Authority's Hedge Program and Swap Contracts were established to offset and mitigate these risks (Note 9).

Market Risk

The Authority has no market risk other than the Foreign Currency Risk and Interest rate Risk noted above.

15 DIRECTORS' AND OFFICERS' REMUNERATION AND EXPENSES

In compliance with the Authority's governance practices and as required by the Regional Airports Authorities Act (Alberta) and the Canada Lease, the Authority outlines individually the Directors' and Officers' remuneration and in the aggregate their respective remuneration and expenses.

a) Authority Directors' Remuneration and Expenses

The remuneration schedule for the Board of Directors during 2014 was as follows:

Non-executive Authority Chair	$	80,000	per annum
Committee Chairs		6,500	per annum
Directors (excluding Authority Chair)		12,000	per annum
Board meeting fees		1,250	per meeting
Board Committee meeting fees		1,250	per meeting
Ad hoc meeting fees		1,250	per meeting
Telephone attendance meeting fees		625	per meeting

Total compensation during 2014 for each Director:

Swanson, David F. (Chair)	$	124,833	Ingram, Donald R.	$	48,500
Allen, Terry L.		935	Kailly, Darshan S.		25,644
Belich, Mel F.		49,750	King, Ken M.		32,000
Benke, L.M. (Larry)		35,125	MacEachern, Grant B.		1,400
Casey, Michael F.		14,774	Safran, Laura M.		28,875
Delkus, Kristine L.		27,071	Sigler, Murray		17,274
Douglas, Donald J.		33,875	Smith, B.A.R. (Quincy)		34,500
Foy, Beverley K.		36,667	Sturgess, P. Kim		41,625
Fraser, Wendelin A.		35,417	Thompson, Stella M.		19,758
Hotchkiss, Richard J.		30,750			

Total remuneration for the Board of Directors during 2014 was $638,503 (2013 – $578,875). Expenses incurred by Authority Directors during 2014 totalled $25,724 (2013– $7,365). Changes to the Authority's Board of Directors during 2014 were as follows:

Appointed:	February 2014	Delkus, Kristine L.
	August 2014	Casey, Michael F.
		Sigler, Murray
	November 2014	MacEachern, Grant B.
	December 2014	Allen, Terry L.
Term Completed:	August 2014	Thompson, Stella M
	September 2014	Smith, B.A.R. (Quincy)
		Kailly, Darshan S.

b) Authority Officers' Remuneration and Expenses

Officer Position	Incumbent as of December 31, 2014	Base salary as of December 31, 2014
President & CEO	Garth F. Atkinson	$ 450,000
Senior VP & Chief Commercial Officer	Stephan Poirier	281,966
VP Operations	Bernie R. Humphries	254,034
VP Planning & Engineering	Marco A. Mejia	245,725
VP Finance & CFO	Frank J. Jakowski	245,725
VP & Chief Information Officer	Javier Lozano	232,875
VP Human Resources	Cynthia M. Tremblay	232,875

The VP Planning & Engineering was appointed effective January 20, 2014 and the Senior VP Planning & Engineering retired effective March 28, 2014. Total remuneration to Officers during 2014 was $3,055,825 (2013 – $2,449,212). Expenses incurred by Authority Officers during 2014 totalled $489,058 (2013 – $359,661).

16 RELATED PARTY TRANSACTIONS

During the year, the following related party transactions occurred with individuals who are Board members of the Authority. These transactions occurred in the normal course of business.

Mr. David Swanson, Chairman of the Board, is the Director of Business Development for GEC Architecture ("GEC"). The Authority contracted with GEC to act as Prime Consultant for the design and planning for the renovation and expansion of the existing terminal building at Calgary International. The Authority paid GEC for service rendered in 2014 of $5,180,591 (2013 - $1,028,744) which are capitalized to construction in progress. Included in accounts payable is an amount due GEC of $673,848 (2013 - $133,140).

Mr. Richard Hotchkiss, Director of the Authority, is the President and CEO of Sunwest Aviation Ltd. ("Sunwest"). Sunwest leases land at Calgary International providing both hangar and aviation charter services. Sunwest made payments to the Authority in respect to the land lease and aeronautical fees in 2014 of $1,372,069 (2013 - $1,019,012), which are included in revenue under Land rental, Aircraft landing fees and Other Aeronautical. Included in accounts receivable is an amount due from Sunwest of $62,708 (2013 - $102,004).

17 SUPPLEMENTARY INFORMATION

thousands of dollars	As at December 31	
	2014	**2013**
a) Cash Interest Paid and Received		
Interest paid	$ 74,208	$ 56,784
Interest income received	2,246	4,271
b) Interest Expense		
Interest on long-term debt	$ 30,854	$ 24,223
Other interest expense	89	97
	$ 30,943	$ 24,320

18 CONTINGENCIES

The Authority is party to legal proceedings in the ordinary course of business. Management does not expect the outcome of any proceeding to have a material adverse effect on the financial position or results of operations of the Authority.

In 2006, the Authority became a subscriber to the Canadian Airports Reciprocal Insurance Exchange ("CARIE"). CARIE was established for the purpose of collectively insuring airport property by permitting the subscribers to exchange reciprocal contracts of indemnity or inter-insurance as provided for in applicable legislation. CARIE has purchased full property reinsurance in excess of $2.0 million per occurrence and $4.0 million in aggregate, with subscribers carrying $100,000 deductible per occurrence. The Authority made a subscriber's contribution to CARIE in respect to possible future property losses and additional premiums attributable to CARIE, based on the Authority's total insured property value as compared to the total insured property value of the seven subscribing airports. The contribution to CARIE is carried by the Authority as a prepaid expense.

In June 2011, the Authority entered into a Tunnel Sublease and Licence (the "Tunnel Agreement") with the City of Calgary (the "City"). The Tunnel Agreement, which expires June 29, 2072, requires the City to extend Airport Trail east, across airport lands and, among other things, to construct, operate and maintain an associated tunnel under Runway 17L-35R. Under the terms of the Tunnel Agreement the Authority will provide all required airport lands at no cost to the City. The Tunnel Agreement also provides for a cost-sharing arrangement regarding future interchanges along Airport Trail at 19th Street and Barlow Trail. The first phase of these interchanges, which will enhance access to and egress from airport facilities, will be constructed at a time to be determined by the City and at that time, the Authority has agreed to pay $20 million towards the associated cost. Although there is no timeframe specified in the Tunnel Agreement, the Authority expects the first phase of interchanges may be constructed within 10 years of the opening of the tunnel, which was May 2014. The second phase of the interchanges, or components thereof, will be constructed when traffic volume service levels at the first phase of interchanges reach a proscribed level and, at that time, the Authority has agreed to contribute 50% towards the acquisition cost of the necessary third party land and the associated construction project. The second phase of interchanges is not expected to be required until at least 20 years after the completion of the first phase and the scope, timing and cost, which is subject to further agreement with the City, is not reasonably determinable at this time.

19 CONTRACTUAL OBLIGATIONS

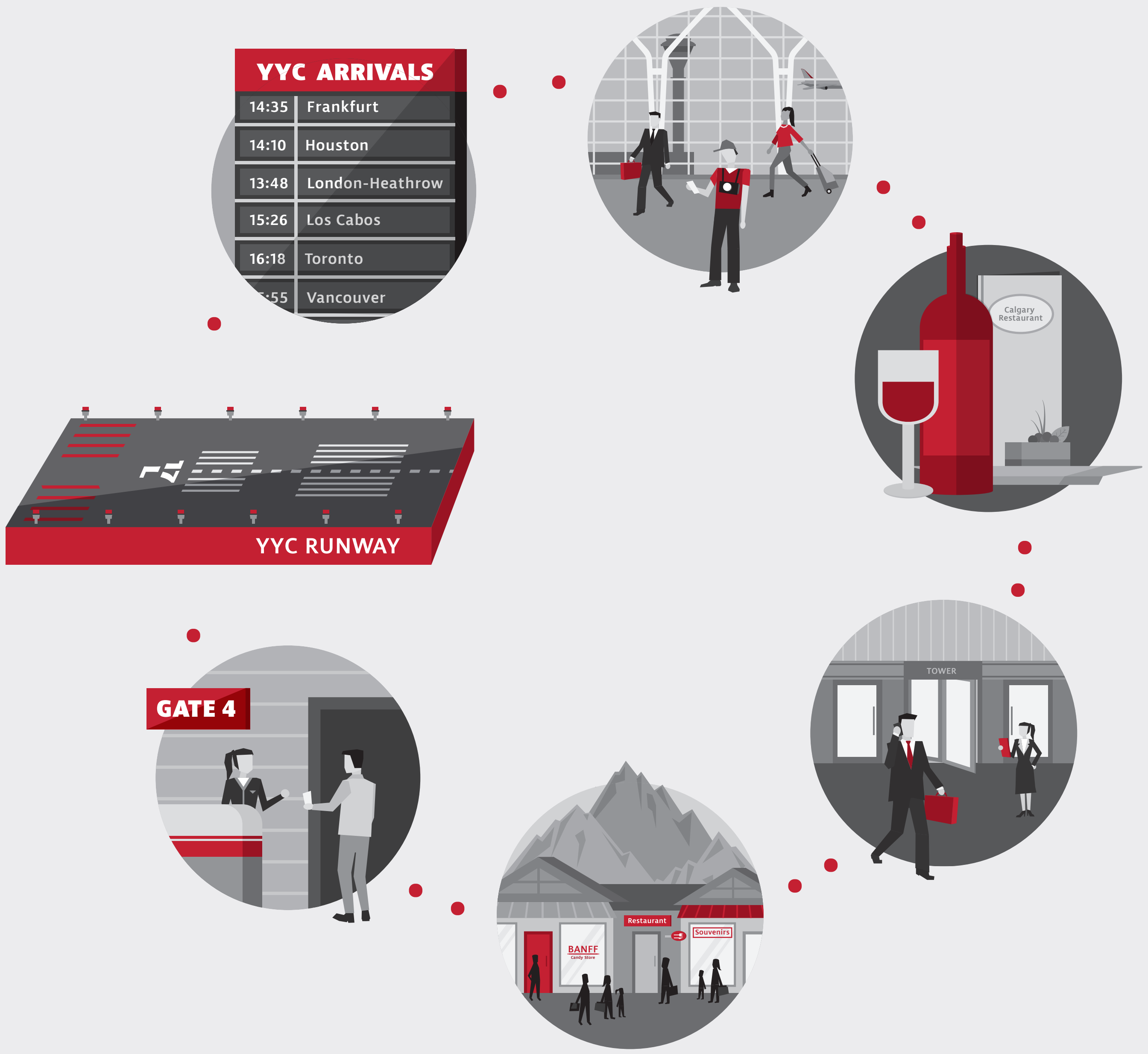
Construction on a new International Terminal commenced in 2011 and the facility is scheduled to open for service in the fall of 2016. The project has a budget of $1,627 million and was approximately 86% committed as at December 31, 2014.

20 COMPARATIVE FIGURES

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

YYC CREATES MORE THAN 48,000 JOBS AND CONTRIBUTES $8.28 BILLION TO CALGARY'S GDP ANNUALLY.

We are strategically developing YYC as the Aviation Hub of Choice for the city, region and province we serve.



AUTHORITY EMPLOYEES

Ackerman, Nedine
Adams, Christopher
Adams, Blaine
Adamson, Merilee
Adelantar, Ashley
Affleck, Cathy
Ahmed, Michael
Aldcroft, Kate
Allana, Shahid
Allen, Bobbi
Allen, Arthur
Amos-Terpstra, Jonathan
Anderson, Bill
Armstrong, Chris
Arnott, Billie-Jo
Arsenault, Garnette
Atkinson, Garth
AuCoin, Byron
Baisi, Joe
Baziuk, Dan
Baziuk, Shali
Bentley, Susan
Berger, Chad
Bernard, Lisa
Bieche, Leo
Blacklock, Peggy
Blattner, Norm
Blayney, Derek
Bliss-Richer, Natascha
Bloch, Micheal
Borgo, Lori
Botero, Zuller
Boyd, Nathalie
Broom, Karen
Brown, Cindy
Brown, Jason
Brown, Jessica
Bruce, Shelley
Bruce, Brittany
Carr, Kari
Castrillon, Daniel
Chan, Edmond
Chan, Ray
Charlesworth, Stephen
Cheng, Paul
Chenier, Dionne
Chin, Christine
Chisan, Brent
Chowdhury, Tanvir
Chua, Sam
Clark Hatch, Shannon
Clarke, Danny
Coles, Danny
Condon, Karen
Cook, Art
Correa, Francisco
Croll, Jim
Currie, Sean
Cush, Michael
Dancause, Stephanie
Dean, Liana
Demers, Stacy
Den Boer, Mike
Devlin, Colleen
Dillon, John
Dodds, Matt
Dueck, Mark
Dushinski, CJ
Edwards, Don
Eng, Robin
Epp, Les
Erskine, Jackie
Evaskevich, Patti
Falk, Gord
Fang, Allen
Feenstra, Kyler
Ferguson, Barry
Fernandez, Ryan
Fijala, Douglas
Flette, Dale
Francoeur, Doug
Fredette, Gerry
Gadhoke, Ashvin
Gaida, Brad
Galambos, David
Gamboa, Ivonne
Gannoruwa, Anu
Gayle, Chris
Gayle, Karina
Geeson, Neil
Gerrard, Emily
Giefert, Pam
Glas, Curtis
Glasser, Jason
Grant, Jim
Green, George
Grey, Debi
Grove, Justin
Guillemaud, Shawn
Guzzwell, Rob
Hatch, Falon
Haugan, Stephanie
Hayden, Sasha
Hayher, Amitpal
Heath, Mike
Heffernan, Kevin
Hein, Derwin
Herback, Paul
Hernandez, Blanche
Hexspoor, Carolynn
Higgins, Mike
Hilton, Jackie
Hine, Ron
Hobbs, Kim
Hodder, Todd
Hof, Tim
Hoffer, Wade
Horne, Laura
Huisman, Jason
Humphries, Bernie
Hunchak, Rod
Hutchinson, Craig
Hutchinson, Raymond
Ingram, Brad
Ip, Anita
Jakowski, Frank
Janssen, Betty
Jaswal, Kash
Jensen, Darin
Johnson, Staci
Johnston, Scott
Jones, Doug
Kadwal, Kulwant
Kam, Peggy
Kelly, Shannon
Kindrat, Gary
Kirk, Darcy
Kirsch, Bernadette
Klein, Paulette
Knowles, Sharon
Koehler, Gary
Kolsun, Don
Koshowski, Natasha
Kutac, Stefan
Labey, Teresa
Lais, Jessica
Lamarche, Kiernan
Lavigne, Len
Lawn, Alan
Lawrence, Paul
Leduke, Shauna
Lee, Yuen
Leedham, Simon
Leeman, David
Leroux, Ruth
Liddle, Randy
Lightfoot, Jim
Limbu, Phaom
Liu, John
Logue, Gerald
Lozano, Javier
Machalek, Darren
Mackay, Mark
Mackinnon, Duncan
Maher, Derek
Maher, Elise
Maher, Kaleigh
Mahoney, Shannon
Manfield, Heidi
Mantle, Sara
Marshall, Brian
Martsch, Sheila
Mazur, Lauren
McClung, Russ
McGillan, James
McLeod, Roy
McNichol, Jill
Meads, Sarah
Mejia, Marco
Micallef, Mario
Moffat, Catherine
Moseley, Jody
Munn, Evelyn
Murillo, Natalia
Murray, Ryan
Myers, Joanne
Nattress, Jordan
Naureen, Sabahat
Nelson, Colin
Nelson, Sarah
Nicolson, Cameron
Niergarth, Cathy
O'Geil, Kendall
Oshiro, Devon
Ostensoe, Derek
Pajak, Ola
Palmer, John
Papp, Dennis
Partington, Brian
Pelletier, Devan
Perez, Cesar
Perez Gonzalez, Joiner
Pessanha, Matheus
Pezzetta, Candace
Pickett, Alex
Pike, Jordan
Plante, Eric
Poirier, Stephan
Powroznik, Mark
Praestegaard, James
Price, Greg
Procyk, Christopher
Proskow, Pennie
Quintin, Susan
Quinton, Gerry
Ralph, Robbie
Rasathurai, Tharshi
Raven, Nicole
Read, Matthew
Reddiar, Shanti
Rehill, Partap
Reid, Doug
Reid, Meghan
Reid, Thomas
Rigg, Mike
Riley, Anthony
Rodrigues, Sergio
Rohling, Mary Ann
Rooney, Cliff
Ruel, Mark
Ruiz, Alberto
Rutley, Carolyn
Rutten, Kees
Sands, Sean
Sargent, Lara
Saunders, Maureen
Schiffner, Bryan
Schuler, Yvette
Scott, Christina
Searcy, James
Sehn, Cory
Semenov, Alex
Seng, Sothea
Serown, Mandeep
Servos, John
Shearing, Caroleigh
Sidhu, Ravjeet
Smith, Amanda
Smith, Bart
Smoliak, Chris
Stahl, Debbie
Stamp, Colette
Stanfield, Logan
Stanley, Keith
Stevenson, Kevin
Stock, Larry
Stockall, Dwight
Stolz, Paul
Stothers, Jenna
Sturtevant, Laura
Tarleton, Grant
Tchir, Bryan
Tharakan, Mammen
Thompson, Terry
Todd, Levi
Towler, John
Tremblay, Cynthia
Trnavskis, Melyssa
Tuazon, Jeffrey
Undheim, Sig
Urbanowski, Sarah
Wakeford, Amanda
Wald, Michael
Wani, Raheel
Ward, Steve
Warme, Steve
Warrender, Jillian
Warsylewicz, Robyn
Waterhouse, Rich
Whittaker, Shawnah
Wiltshire, Jennifer
Wood, Nigel
Wood, Simon
Yates, Greg
Yates, Kim
Yousif, Fred
Yu, Andy
Zachary, Shaun
Zyderveld, Leonard

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ANNUAL GENERAL MEETING
Aero Space Museum of Calgary
4629 McCall Way NE, Calgary, AB
April 16, 2015, 11 a.m.