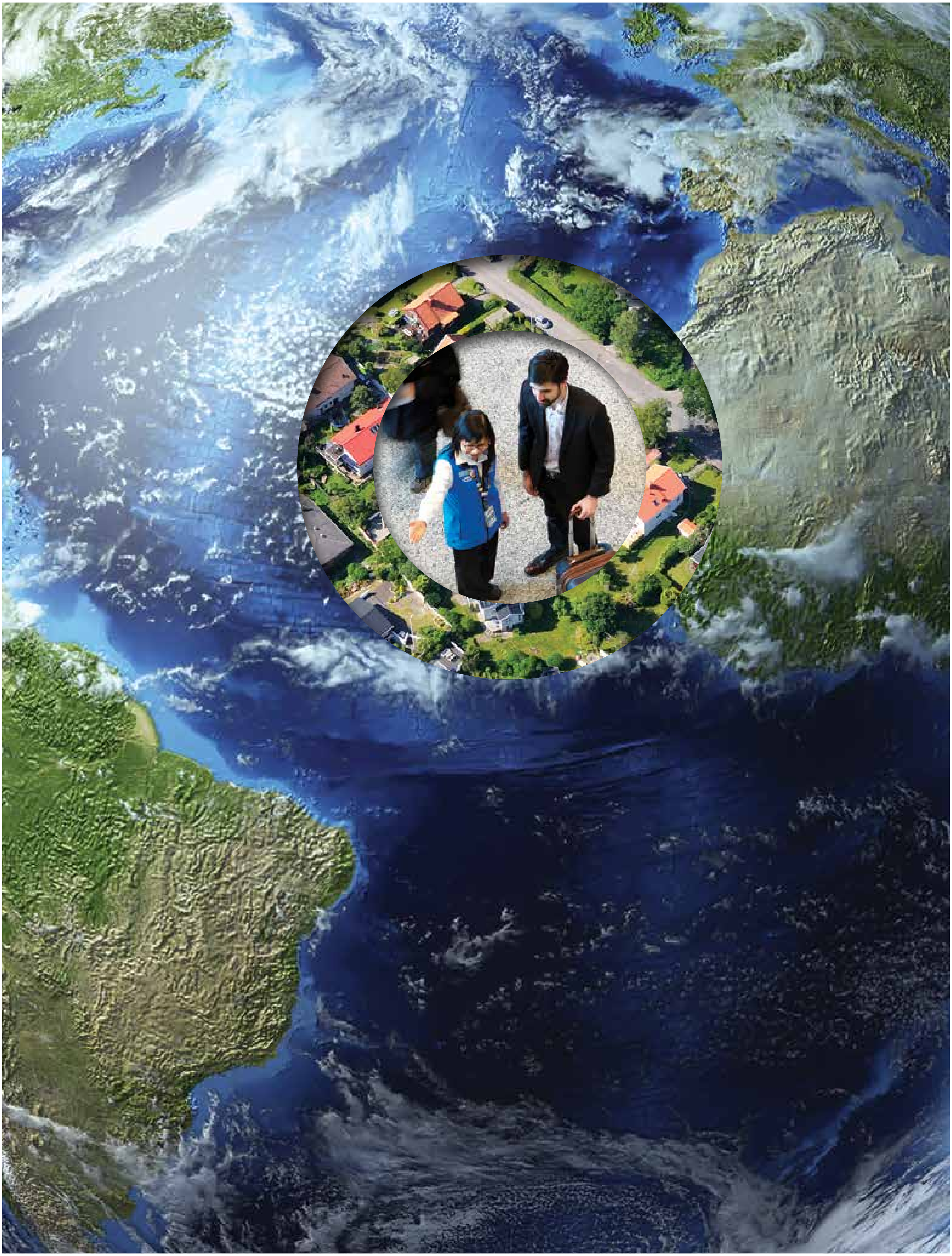
ANNUAL REPORT 2015

Welcome to the Neighbourhood

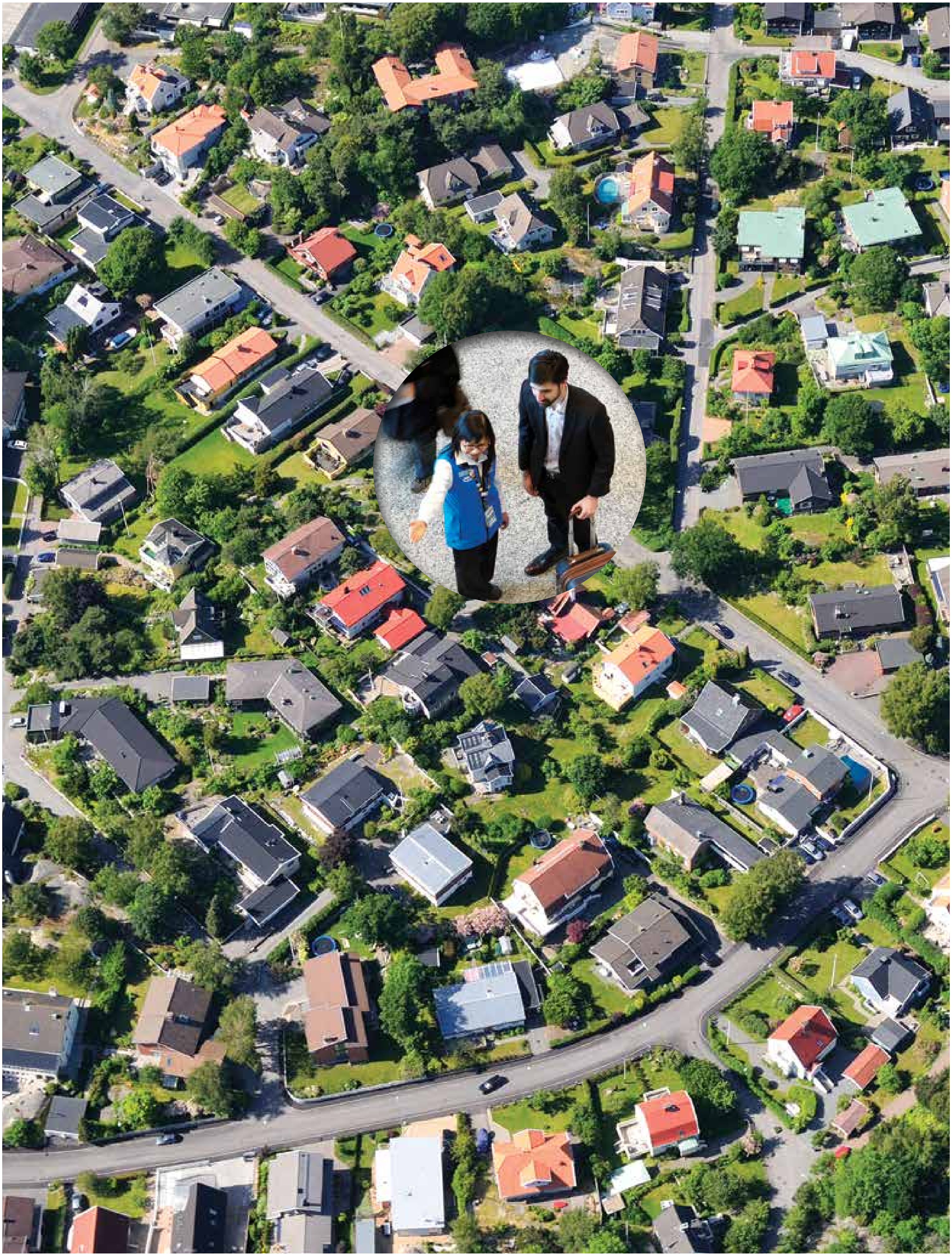
GREATER TORONTO AIRPORTS AUTHORITY

Toronto Pearson
International Airport | Aéroport International

We help our growing communities connect quickly and easily with the rest of the world.

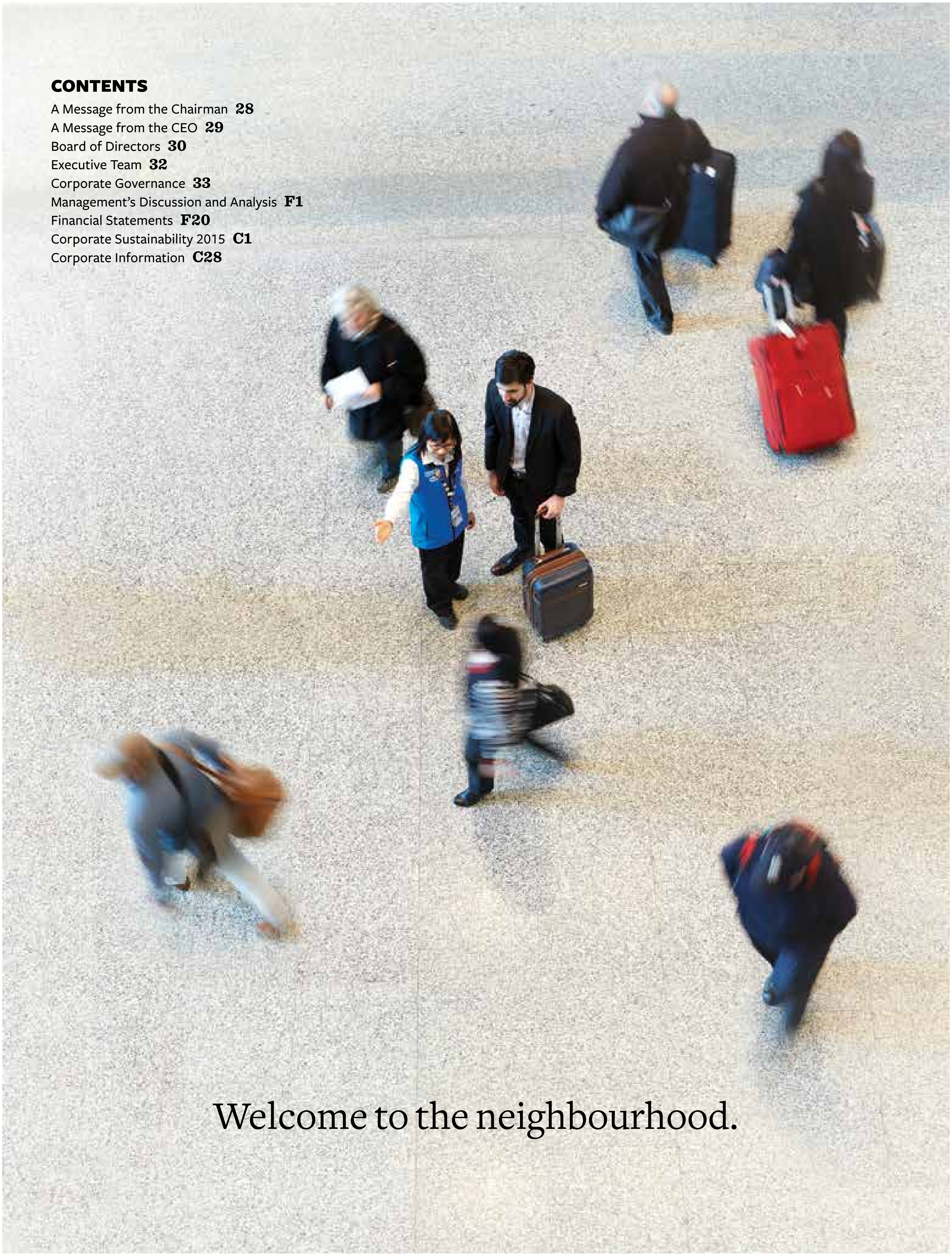


We work with our neighbours to balance economic benefits and sustainable growth.



And we work hard to ensure all passengers enjoy a smooth-flowing, comfortable airport experience.

CONTENTS



Welcome to the neighbourhood.

Growing Numbers

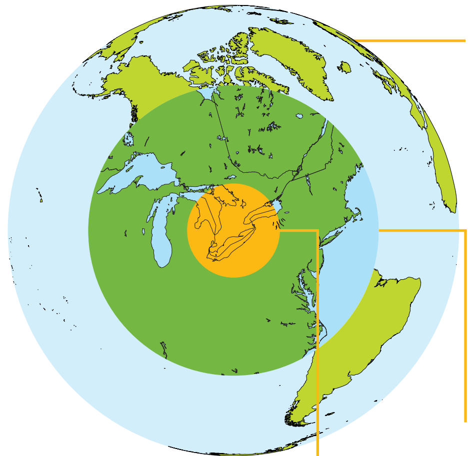
More and more people are travelling through Toronto Pearson as demand grows in southern Ontario – and across North America – for quicker, easier connections to the world.

A CENTRE OF GROWTH

As a global hub, a North American gateway and Canada's busiest airport, Toronto Pearson is a vital connection point in a neighbourhood that extends from the heart of the continent to more than 170 destinations.

41m

In 2015, passenger traffic at Toronto Pearson increased by 6.4 per cent to 41 million. Continuing the steady upward trend of recent years, international traffic grew at a higher rate than domestic: 7.7 per cent versus 4.4 per cent.



Global Connectivity

Toronto Pearson offers non-stop flights to 144 international destinations, directly reaching about two-thirds of the world's economy. Whether travellers want to explore new places, visit family or friends, or strengthen commercial ties, we help them get where they need to be. And as they expand their horizons, we grow to meet their needs.

Northeast Megaregion

Within 90 minutes' flying time of Toronto, in the urbanized region that spans the Canada–U.S. border, are some 150–200 million potential passengers seeking the fastest, simplest way to reach other key economic centres around the globe.

Southern Ontario

Regional air traffic, now about 44 million passengers annually, is expected to at least double by the early 2040s. More than 90 per cent will pass through Toronto Pearson.

A COORDINATED EFFORT

The growing demand for aviation services across southern Ontario is a challenge that calls for a regional solution – a coordinated strategy among all airports in the province's densely populated industrial heartland. To that end, in 2015 the GTAA began consulting with airports in 10 nearby communities: Hamilton, Niagara, Windsor, London, Kitchener-Waterloo, downtown Toronto (Billy Bishop), Lake Simcoe, Oshawa, Peterborough and Kingston. The goal is to develop a more integrated region-wide system, optimizing existing capacity and strategically balancing investments to keep pace with future growth.

"Recently, there's been a dramatic change as our airports focus less on competing and more on working together," says Chris Wood, General Manager of the Region of Waterloo International Airport. "We're collaborating not just on a 20-year strategy, but also at the operational level. Each airport has its strength – corporate, cargo, general aviation, flight training – and this allows us to build on our collective strength.

"Across southern Ontario, the growth in demand has been faster than anyone anticipated. We all know the economic impact of our airports on our own communities. And now together we can have an even greater impact. Hats off to the GTAA for leading this change."

"Recently, there's been a dramatic change as our airports focus less on competing and more on working together."

CHRIS WOOD, General Manager, Region of Waterloo International Airport

Healthy Returns

HOLDING FEES STEADY

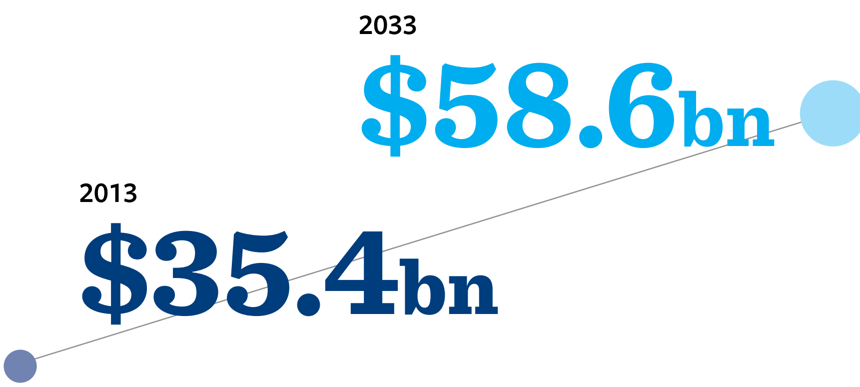
The rates charged to carriers flying in and out of Toronto Pearson remained unchanged in 2015 for the third consecutive year, and we announced a further one-year extension of the freeze. Through careful fiscal management and the development of parallel income streams from retail tenants and other sources, we've been able to hold overall aeronautical charges – consisting of landing fees, terminal charges and apron fees – at 30 per cent below 2007 levels.

$350m

In 2015, we further reduced the GTAA's outstanding debt by retiring a $350 million bond. This followed a buy-back program in the previous year that eliminated nearly $400 million in face-value bond debt. Our goal in reducing total indebtedness is to save on interest expenses and strengthen the foundation for potential future investments.

Our airport helps to drive economic growth, creating local opportunity by providing global connectivity. We have a responsibility to make this vital asset financially sustainable.

BOOSTING ONTARIO'S GDP



Toronto Pearson's long-term trajectory as a well-financed enterprise is mirrored in the projected growth of the entire region for which our airport is a vital asset. By 2033, our contribution to economic activity in Ontario will have grown to 6.6 per cent of provincial GDP, or nearly $60 billion annually.*

* Global Hub Economic Development Study, conducted in 2013 for the GTAA by Frontier Economics (using 2012 baseline data).

OUR 7 KEYS TO FINANCIAL SUSTAINABILITY

- Leverage the full value of the airport's existing assets.
- Constantly explore and develop new sources of revenue.
- Remain rigorously cost-conscious in managing expenses.
- Search for additional efficiencies and productivity gains.
- Invest prudently, building only when we need to.
- Systematically pay down debt.
- Enhance the passenger experience where it yields returns in greater satisfaction and higher revenue.

"The GTAA has worked closely with us to welcome Chinese business partners and investors, and to strengthen commercial and cultural connections across the globe."

WINNIE FUNG, Vice President,
Mississauga Chinese Business Association

CONNECTING CANADA TO CHINA

"When people make the long flight from Asia, they really appreciate how smoothly things go when they land here," says Winnie Fung, whose Toronto-based consultancy, East-West Focus International, facilitates business development and investment initiatives between Canada and China. "Clients often tell me they prefer to come to North America through Toronto Pearson, because the connections and the whole experience are better."

Over the past 25 years, Winnie has welcomed hundreds of delegations from China and accompanied many Canadian trade and investment missions abroad. The Mississauga representative on the board of the Greater Toronto Chinese Business Association, she also led the recent launch of a Brampton chapter. "As Canada–China trade continues to grow," she says, "the GTAA has been impressive in reaching out to the local community, looking for ways we can work together to make Chinese visitors feel even more at home."

Many Hands

The Terminal 3 Enhancement Project is dramatically improving the passenger experience – thanks to a close, productive partnership among key stakeholders.

"Our goal was to create a space where guests actually *wanted* to be, enjoying the first step in their journey with us. Working collaboratively, with a lot of back and forth, we achieved that."

HEATHER YOUNG, Senior Project Manager, Corporate Real Estate, WestJet

> "The revitalized Pier in T3 isn't just a structure with planes attached – it's a place for *people*. That vision, and the GTAA's trust and openness to new ideas, brought us together as a team."
>
> **RIAN BURGER,** Principal, Airport Planner/Programmer, Stantec

2.9m

The five new bridged gates added in Terminal 3 are expected to support nearly 3 million domestic and international passengers annually, most of them flying with WestJet.

DIVERSE VIEWS, ONE VISION

When the revitalized Terminal 3 Pier opened in June 2015, it concluded the first phase of the Terminal 3 Enhancement Project, which aims to improve traffic flow and add new retail and dining options – along with features such as digital signage and imaginative decor – to create a more cohesive and enjoyable passenger experience. Slated for completion in 2017, the $140 million project is also remarkable for the level of collaboration among key stakeholders, including the GTAA, construction and design firms, U.S. Customs and Border Protection, and WestJet – Toronto Pearson's second-largest carrier and the principal user of the new facility.

Fellow Travellers

"We agree on a set of objectives for the year and then align our efforts, sharing the performance data we both need to measure results. This is a great collaboration."

DOUG MARTIN
General Manager, Airport Operations – Toronto, Air Canada

FLYING TOGETHER

"We clearly have common goals, and we're working together effectively to meet them," says Doug Martin, who manages airport operations for Air Canada, Toronto Pearson's largest airline partner. His long list of recent collaborations to improve the passenger experience includes:

Inbound Baggage Delivery

To support Air Canada's goal of providing best-in-class baggage delivery, the GTAA has enabled more data sharing from our automated systems so airline staff can accurately track performance and make improvements proactively. We've also collaborated on optimizing carousel assignments to avoid congestion and reduce waiting times.

Outbound Baggage Handling

With real-time access to baggage system data, Air Canada can better track all bags from check-in to aircraft loading, including for connecting flights. We've also enhanced procedures for severe winter weather events, when passengers who unexpectedly switch aircraft want to feel reassured their bags will travel with them.

Air Conditioning and Ground Power

After a joint testing program, we're working together to improve the performance of air conditioning units that connect to aircraft at the gates and also introducing ways to supply ground power more quickly. This enhances passenger comfort and reduces reliance on auxiliary power, helping to lower fuel consumption and greenhouse gas emissions.

Passenger Check-in

Air Canada's check-in lobbies are being enhanced with self-service bag drops rather than traditional baggage counters, which keeps traffic flowing more smoothly.

Dual Bridge Service

The GTAA has begun installing additional dual bridges in Terminal 1 so that select wide-body aircraft can be accessed at two points simultaneously – creating a smoother boarding and deplaning experience.

SMARTER SECURITY

The tens of millions of passengers who travel through Toronto Pearson each year go through security screening, as does their luggage, both carry-on and checked. The security line is the point in the airport journey when people are most sensitive to wait times. Making sure the screening process goes as smoothly as possible requires close collaboration between the GTAA, air carriers and the Canadian Air Transport Security Authority (CATSA), which is responsible for all security screening at Toronto Pearson.

"We don't want to make people wait," says Neil Parry, Vice President of Service Delivery with CATSA. "Of course, there's a limit to how quickly we can do our job without compromising the security of the travelling public, which is our number one priority. But as we work more proactively with the GTAA, there's a lot we can do to make security a more passenger-focused experience."

CATSA has become more directly involved in forecasting and planning, so security staffing levels can be better aligned with fluctuations in traffic. A critical component is accurate data. "Our people scan boarding passes, so we have the most reliable data on arrival patterns and exactly where the peaks are," Neil explains. "Having factual evidence, and not just anecdotal reports, supports more productive collaboration and better decision-making."

"Safe, efficient security screening has always been a vital part of the passenger experience. Now we're at the table earlier, sharing our ideas as decisions are still taking shape."

NEIL PARRY, Vice President, Service Delivery, CATSA

Visitors Welcome

"I'm proud to be part of the Toronto Pearson team, welcoming travellers with warmth, hospitality and an impeccable guest experience. When you have a group of like-minded people all working to achieve excellence – that's how magic happens."

LYNN CRAWFORD, celebrity chef and restaurateur – creator (in partnership with HMS Host) of The Hearth in Terminal 1

THE HEART OF HOSPITALITY

We're constantly adding further dimensions to Toronto Pearson as we make travelling through our airport even more relaxing and enjoyable. Over the past year, another 21 retail and dining locations opened in our terminals. Among the new restaurant concepts is The Hearth by Lynn Crawford, with a menu that reflects the renowned Canadian chef's devotion to locally sourced, seasonally fresh ingredients.

"We showcase the best of Ontario's farmers, ranchers and artisans," says Chef Crawford, whose resumé extends from executive chef at international five-star hotels, to host and guest on top-rated TV cooking shows (including *Iron Chef America* and her own series *Pitchin' In*), to proprietor of the critically acclaimed Toronto restaurant Ruby Watchco. "I'm committed to delivering high-quality dining experiences. And as a proud Torontonian, I want visitors to this great international city to have the best possible first impression. The heart of hospitality starts right here at the airport."

ASQ 4.16

In 2015, Toronto Pearson scored its highest rating yet in the globally recognized Airport Service Quality (ASQ) program, established by Airports Council International to measure passenger satisfaction. We now rank 12th among international airports handling more than 40 million passengers annually, having moved ahead against eight of 10 key ASQ quality benchmarks, from dining and retail amenities to the availability of baggage carts.

3,500+

As part of a three-year, $10 million enhancement of wayfinding at Toronto Pearson, more than 3,500 signs were replaced or updated around our terminals in 2015. In addition, we introduced five mobile information booths that we can quickly relocate to reflect changes in the flow of passengers.

1m answers

The roving members of the Toronto Pearson Welcome Team greet passengers, determine where they're heading and point them quickly on their way. Launched in 2014, the program grew over the past year to nearly 200 volunteers providing 30,000 hours of service and answering at least a million questions from travellers who appreciate a bit of friendly, helpful guidance.

Missing Link

“While the Airport Employment Zone is Canada’s second-largest employment cluster, it’s critically challenged by a lack of public transit.”

NOAH GORDON, Chair, Airport Corporate Centre Landowners Group, and member of the AEZ Coalition

Improving transit connections to our airport is just one piece in a larger puzzle: a sustainable ground transportation strategy for the entire region.

BETTER CONNECTIONS

How our airport compares to global hubs served by various combinations of bus, express rail and rail rapid transit:

Airport (annual traffic)	Public transit users
Toronto Pearson (41m)	8%
New York – JFK (53m)	20%
Frankfurt (60m)	33%
London Heathrow (73m)	41%

TOGETHER IN THE ZONE

More than 300,000 people work in the Airport Employment Zone (AEZ), the area of commercial and industrial activity in Toronto's western suburbs that has Toronto Pearson at its heart. Eclipsed only by the downtown core in terms of the size of its workforce, the AEZ is a centre of GDP impact and economic growth – not just regionally, but nationally.

"While the AEZ is Canada's second-largest employment cluster, it's critically challenged by a lack of public transit," says Noah Gordon of Menkes Developments Ltd., who chairs a group representing building owners in Mississauga's Airport Corporate Centre, home to a workforce of 30,000.* "Over 90 per cent of people drive to work, and traffic congestion is a growing problem. But the current transit options are so unattractive, often involving multiple bus transfers and additional fares if your route crosses a municipal border, for the vast majority it's not an alternative worth considering."

This is a concern shared by employers, labour groups and other AEZ stakeholders – including Toronto Pearson, whose 40,000 employees commute from nearby communities. Recognizing the value of speaking with one voice to policymakers, the GTAA helped to establish the AEZ Coalition in 2015. Advocating for a multi-modal ground transportation hub located on airport lands, the coalition engages with governments at the municipal and provincial levels. "We share a common interest in better transit solutions, but we needed to translate that into action," Noah says. "The GTAA has played a crucial role in bringing all the AEZ players together, and we're already seeing progress."

* *Modified May 12, 2016 to reflect new, non-material information.*

UP AND RUNNING

In June 2015, UP Express began offering 25-minute rail service between Toronto Pearson and downtown Union Station. Overseen by Metrolinx, the new service is the first step in a broader ground transportation strategy that will ultimately include enhanced transit links to the airport.

PARTNERS IN MOTION

In our continuing efforts to advance an integrated regional transportation strategy, the GTAA has joined with the Toronto Region Board of Trade to hold a series of Aviation Summits. These meetings bring together business, civic and aviation leaders to discuss strategies to improve connectivity, addressing important topics such as the development of a more integrated system of regional airports across southern Ontario.

Another crucial agenda item for the Summits is the need for enhanced transit connections to Toronto Pearson. The GTAA has been engaging with regional planners, the Toronto Transit Commission, transportation agencies such as Metrolinx and other key stakeholders to advance our vision for a regional multi-modal hub located at the airport.

Listen Closely

HEARING EACH OTHER

The GTAA works with community members, elected officials and industry partners to build understanding and explore ways of improving how we manage noise around Toronto Pearson. Feedback from these groups guides the evolution of our noise management strategy, as we constantly adapt policies and programs to reflect community interests. In 2015, we expanded the Community Environment and Noise Advisory Committee (CENAC) to include additional local representatives. And at the request of Halton Region, we extended the boundaries for noise complaints beyond the original 10 nautical miles (about 18.5 km) stipulated by Transport Canada and now respond to all GTA residents who feel they are affected by airport traffic.

In collaboration with CENAC and other community members, we also:

- hosted open houses and participated in community events across the GTA, including eight roundtable discussions to review potential noise mitigation ideas (which are now being studied further);
- reassessed the current locations of community noise monitoring terminals and explored options for additional sites;
- altered the format of CENAC meetings to allow more time for direct community discussion; and
- kept the public informed on noise mitigation efforts through social and digital media.

THE FACTS ABOUT NOISE

"We all understand that the airport is a necessity for our community," says Brian Maltby, a long-time Brampton resident who sits on the Community Environment and Noise Advisory Committee (CENAC), established by the GTAA as a forum for public discussion about Toronto Pearson's impact. "Millions of people need to travel, and the airport is an economic driver that creates a lot of employment. But a few years ago, when we noticed more planes were flying over our home, I wanted to find out what was going on."

Brian attended one of the public meetings that CENAC holds four or five times a year to answer questions and gain the perspectives of local residents and elected representatives. Seeing an opportunity to regularly present his neighbours' concerns and relay information back to them, he joined the committee in 2010 and is now serving a second four-year term.

"The airlines are not going to stop flying," Brian says. "And if a flight path doesn't pass over our houses, it's going to be over someone else's. But the value of CENAC is that we can get the facts on what's being done to mitigate noise, report any anomalies and have a voice in future initiatives."

OUR STAKEHOLDER ECOSYSTEM

PASSENGERS	AIRPORT SERVICE PROVIDERS	GTAA AND AIRPORT EMPLOYEES	COMMUNITY	GOVERNMENTS	ANALYSTS AND BONDHOLDERS	AIRPORT FACILITATION AGENCIES	MEDIA	INDUSTRY
CANADA	AIRLINES	GTAA (1,300)	RESIDENTS	MUNICIPAL	INSTITUTIONAL BONDHOLDERS	REGULATORY AGENCIES	TRADE PUBLICATIONS	PROFESSIONAL ASSOCIATIONS
U.S.	AVIATION SERVICES	TORONTO PEARSON (40,000)	BUSINESS LEADERS	PROVINCIAL	SECTOR ANALYSTS		NEWS CHANNELS	INDUSTRY ORGANIZATIONS
INT'L	TENANT ENTERPRISES		VOLUNTEERS	FEDERAL			SOCIAL MEDIA	
	PUBLIC AGENCIES			INT'L			DIGITAL CHANNELS	

“Getting involved on the noise committee has changed my outlook. When we can meet and discuss the facts, everyone understands the issue better.”

BRIAN MALTBY
Brampton resident, CENAC member

Human Interest

Syrian-Canadian families greet the first refugees from their homeland to arrive at Toronto Pearson on December 10, 2015.

(Steve Russell/Toronto Star via Getty Images)

ARRIVAL TIME

As the Canadian government finalized plans in December 2015 to begin taking in 25,000 refugees from the Syrian civil war, it became clear that most would arrive through Toronto Pearson. To provide a safe, comfortable space for welcoming and processing the newcomers, we reopened the Infield Terminal, originally built to handle passenger overflow during the construction of Terminal 1. The building was quickly subdivided into appropriate spaces and outfitted with furniture and signage (including directions in Arabic), along with a children's play area.

To convey the spirit of goodwill expressed by millions of Canadians, the GTAA commissioned VIBE Arts, a not-for-profit that provides arts education to children and youth in under-resourced GTA neighbourhoods, to create a welcome mural. It was signed by Canada's Governor General, the Lieutenant-Governor of Ontario, Toronto Pearson employees and residents of nearby communities. We're now using passengers' donations to our Propeller Project spare-change globes around the airport – matched by our own charitable gift – to provide the GTA's newest residents with free public transit passes so they can more easily navigate their adopted home.

We're committed to supporting our neighbours when it's needed – whether they're living nearby or arriving from halfway around the globe.

PROPELLER PROJECT

Toronto Pearson works to be a good neighbour by investing in community building initiatives around our airport. We do this through the Propeller Project, which focuses specifically on new Canadians, youth leadership and the environment. Helped by fundraising efforts such as the annual Runway Run, which raised nearly $214,000 in 2015, we're able to support worthy grassroots projects that create a better neighbourhood for everyone. Programs funded by the GTAA over the past year include:

Ecosource Healthy Roots

A Peel Region program that encourages children and families – through outdoor workshops at schools and around the community – to learn more about personal health, better food choices and protecting the environment.

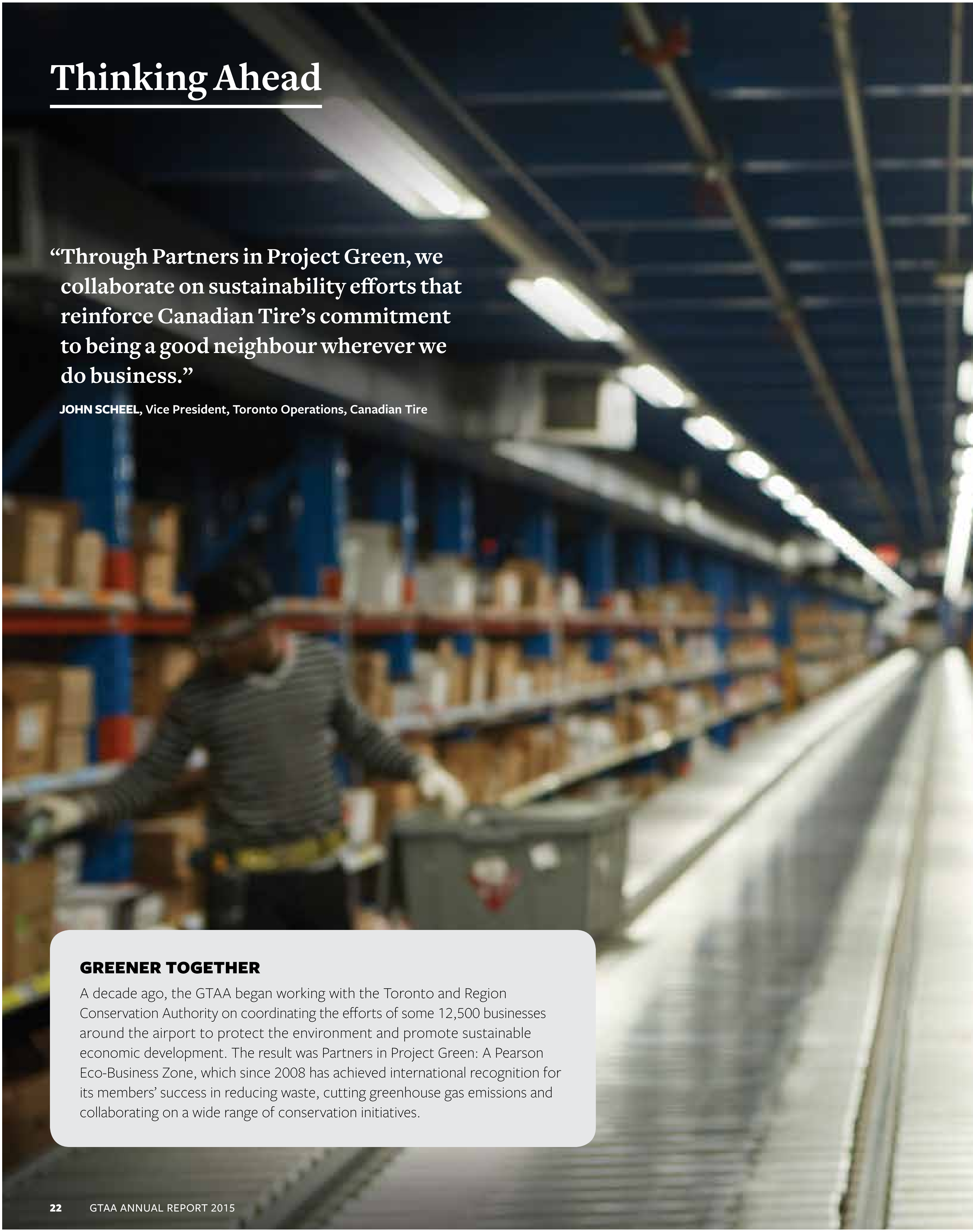
Arts Etobicoke: Beats + Intentions

A unique program that offers emerging young artists – in music, theatre, dance, spoken word and video – paid training and performance opportunities, plus advice from industry experts on the business side of the arts.

Junior Achievement Central Ontario

An organization that engages youth across the GTA with educational programs – led by trained volunteers with real-world experience – on successful work readiness, financial literacy and entrepreneurship.

Thinking Ahead



"Through Partners in Project Green, we collaborate on sustainability efforts that reinforce Canadian Tire's commitment to being a good neighbour wherever we do business."

JOHN SCHEEL, Vice President, Toronto Operations, Canadian Tire

GREENER TOGETHER

A decade ago, the GTAA began working with the Toronto and Region Conservation Authority on coordinating the efforts of some 12,500 businesses around the airport to protect the environment and promote sustainable economic development. The result was Partners in Project Green: A Pearson Eco-Business Zone, which since 2008 has achieved international recognition for its members' success in reducing waste, cutting greenhouse gas emissions and collaborating on a wide range of conservation initiatives.

CONSERVING GREAT IDEAS

Nearly 2,000 people work at Canadian Tire's distribution centres in Brampton, supplying stores across the country. As one of the area's largest employers, with a deep commitment to doing business sustainably, the retailer has been a strong supporter of Partners in Project Green, the eco-business zone co-founded by the GTAA (see the accompanying sidebar). "At Canadian Tire, we believe in leading by example," says John Scheel, Vice President of Toronto Operations. "It's great to partner with other airport-area businesses that have the same outlook, so we can share best practices."

In 2015, the Canadian Tire Resource Recovery Centre diverted more than 99 per cent of waste received at its Brampton facility, helping drive an overall diversion rate of 92.2 per cent across the company's supply chain. "In diverting more than 7,000 metric tonnes to landfill, we benefited from the input of recycling processors and other Project Green members, as well as partnership programs like the Waste Materials Exchange Network," John says. "In the process, the Resource Recovery Centre has become a showcase that other companies can learn from."

Canadian Tire regularly shares sustainability ideas with Partners in Project Green through mutual site visits and events such as the annual People Power Challenge, a friendly energy-saving competition. "We've had behind-the-scenes tours at Toronto Pearson to see some of their sustainability initiatives up close," John says. "For instance, the airport's experience helped guide our decision to install motion-sensitive LED lighting, which has significantly offset rising electricity costs in our warehouse operation. And, of course, we also enjoy the Just Plane Honey produced by bees on the airport site."

Great Minds

90m

projected annual air passenger traffic in southern Ontario by 2043

"As Toronto Pearson becomes a world-class hub, its impact on the economy of Ontario, and all of Canada, is huge. For our 60,000 members, who employ more than 2 million people and contribute nearly 17 per cent of provincial GDP, the airport is a critical gateway for reaching new markets, and for welcoming potential partners and investors to this country. We cannot overstate its importance in enabling trade and creating economic opportunity."

ALLAN O'DETTE, President and CEO, Ontario Chamber of Commerce

Working with our neighbours and partners, regionally as well as nationally, we've mapped out a 20-year plan to address steadily growing demand.

OUR STRATEGIC GOALS

Under the 20-Year Strategic Framework approved in 2014, we envision investing more than $6 billion to renew existing facilities and support anticipated traffic growth at Toronto Pearson – while operating safely and efficiently, and delivering the best possible passenger experience. Our aim is to reach the top quartile for service quality among global airports by 2019. And we remain committed to maintaining profitability by balancing fiscal prudence with effective cost management. Six strategic goals guide our long-term decision-making:

Safety

Focus on the safety and security of everyone who visits or works at the airport, including passengers, airline staff, service providers, GTAA employees and contractors.

People

Attract, engage and reward a high-performing workforce, developing talent internally and casting a wider net to select people who can help achieve our mission and vision.

Passenger and Customer Service

Pursue operational efficiency and provide a superior level of service that makes the travel experience easy and pleasurable, positioning Toronto Pearson as the airport of choice for travellers.

Financial Sustainability

Generate sufficient returns to invest in the infrastructure development required for future passenger and traffic growth, as well as customer service initiatives and long-term debt reduction.

Aviation Growth

Support the growing needs of our customers and business partners, expanding connectivity to benefit the surrounding region, the rest of Ontario and all of Canada.

Corporate Responsibility

Build trust through open, transparent engagement with all of our stakeholders, working together to preserve the environment and cultivate a thriving community.

2015 Highlights

By many measures – traffic, performance, employment, sustainability – we're successfully responding to growing demand in a fundamentally sound economy.

41m passengers
flew through Toronto Pearson in 2015

6.4% growth
in passenger traffic, year over year

2nd largest
North American airport by international passengers

31.3% connecting
flights relative to overall traffic

144 destinations
internationally via non-stop service

7.7% international
traffic growth compared to 2014

50%
GHG emissions
reduction since 2006

Aa3
debt rating
raised from A1 by Moody's (Feb. 2016)

74
airlines
provide regular service to/from Toronto Pearson

435k
tonnes
of cargo handled – 73% of it international

$371m
non-aeronautical
revenues in 2015 – 31% of total annual revenues

40k
employees
work at Toronto Pearson

A Future Driven by Growth

A MESSAGE FROM THE CHAIRMAN

In 2015, Toronto Pearson once again experienced significant growth in passenger traffic, exceeding the 40 million mark for the first time. This annual increase of 6.4 per cent, compounding a 6.8 per cent gain from the previous year, reflects steadily rising demand in the surrounding region, and in the broader national and global neighbourhoods that our airport connects to the world.

As the GTAA maintains its commitment to financial sustainability, reducing long-term debt while developing new sources of revenue, we continue to reinvest available profits in the enhancement of existing infrastructure at Toronto Pearson, guided by our 20-Year Strategic Framework. At the same time, we've joined with many of our community stakeholders in seeking improvements to public infrastructure – notably an integrated transit system that will help people travel more quickly and reliably across the region, including to and from our airport. Ensuring smooth, efficient connections, both locally and globally, requires coordinated planning and effective collaboration with all of our partners and stakeholders. This Annual Report offers many examples of such collaborative efforts in action.

Within Toronto Pearson, the most valuable service we can provide to passengers is to get them promptly and effortlessly on their way. We've made tremendous progress in that regard over the past year, with initiatives to streamline everything from security screening to baggage processing. We've also continued the ongoing evolution of our terminals, redeveloping facilities and adding new retail shops, restaurants and other amenities – all to deliver the best possible airport experience.

Taking to heart our mission statement, *Passengers are our passion*, GTAA employees have been fine-tuning every step in the journey between the parking lot and the gate. The impact of their hard work is reflected in Toronto Pearson's highest-ever passenger satisfaction rating in the Airport Service Quality (ASQ) program overseen by Airports Council International. By using the ASQ criteria to set specific performance benchmarks, teams in every operational area have contributed to an overall quality improvement, even as record passenger traffic places added stress on existing facilities and resources.

The growth in demand for connectivity that we've seen over the past 20 years – and that is projected to continue rising over the next two decades and beyond – underscores the importance of a global hub airport to the regional and national economies. The evolution of Toronto Pearson in turn has a direct positive impact on job creation and regional economic development – which drives further demand. The long-term outcome is greater prosperity, but it does carry some short-term impacts. We're working with our stakeholders to mitigate the more challenging effects of growth on nearby communities.

Appropriately, the GTAA's Board of Directors mirrors those diverse and vibrant communities with a range of appointees from key business sectors and all levels of government. In 2015, we were honoured to receive an Excellence in Governance Award from the Canadian Society of Corporate Secretaries, recognizing our success in advancing boardroom diversity in terms of gender, ethnicity and professional skills.

In keeping with our adherence to robust and effective governance practices, the Board's two federal appointees, Douglas Armstrong and Shaun Francis, are both stepping down this year after completing their maximum terms. We thank them for their valuable contributions and exemplary service over the past nine years. We recently welcomed Terrie O'Leary, a new member representing the Province of Ontario, and look forward to announcing two new federal members at the Annual Public Meeting in May 2016.

The strategic initiatives on which the Board provides counsel are developed and implemented by a highly capable executive team led by CEO Howard Eng, whose determination to make Toronto Pearson one of the world's great airports is backed by a wealth of global experience. Our confidence in Howard's abilities was emphatically affirmed by our decision in 2015 to renew his contract for an additional five years to March 2020.

Working together, management and the Board have focused in the past year on gauging Toronto Pearson's progress toward clearly defined continuous-improvement goals, measured not only in relation to past performance, but also against demanding external benchmarks. Only by holding ourselves to the highest standard can we expect to maintain the strong support of our neighbours and all of our stakeholders – as we meet the challenges of growth together.

DAVID WILSON
Chairman

Our Global Neighbourhood

A MESSAGE FROM THE CEO

In the past year, Toronto Pearson continued evolving to meet the growing needs of nearby communities – the neighbours we're in business to serve. And as always, the primary service we provide is connectivity, linking people to new experiences and opportunities across the planet. Because as a global hub, we understand that the whole world is our neighbourhood.

Travellers fly in and out of our airport to connect with family and friends, to forge and strengthen business relationships, and to expand their personal horizons – whether they're Canadians heading off on vacation or tourists arriving to explore our backyard. For people around the world, Toronto Pearson is a convenient gateway to North America, with more non-stop international destinations than any other airport on the continent. And for up to 200 million residents of the Northeast Megaregion straddling the Canada–U.S. border, we're an easy point of connection to other key economic regions on five continents.

Certainly in our own regional economy – and across Canada, thanks to our carriers' direct service to 30 major centres nationwide – Toronto Pearson is the first stop for businesses looking to access new markets or develop ventures abroad. By the same token, we're Canada's front door for countless international businesses arriving here to invest, build facilities and create jobs. Our airport has been credited with generating employment for several hundred thousand people across the region, including about 40,000 who are directly employed at Toronto Pearson.

How do we meet the constantly growing need for connectivity? By collaborating with all of our stakeholders to meet the high expectations across our collective neighbourhood. It starts in our terminals, where we work closely with our air carrier and government agency partners, streamlining processes and adding amenities to enhance the passenger experience. We're optimizing and revitalizing existing facilities, even as our planning team considers what more we can do within our footprint over the next 20 to 30 years.

At the same time, we've initiated a broader conversation with our regional airport partners about the future growth of air traffic across southern Ontario. And as a major transportation hub, Toronto Pearson also brings an important perspective to the regional transit discussion. Naturally, we favour improved mass transit links to the Airport Employment Zone, the second-largest workforce concentration in Canada. In the bigger picture, we know that a cohesive, sustainable transportation strategy will bring significant social and economic benefits to the entire region. And what's good for the neighbourhood is good for our airport.

That philosophy guides all of our efforts to be the best possible neighbour to Toronto Pearson's surrounding communities – from our regular public consultations to discuss concerns about aircraft noise, to our constant management of stormwater systems to avoid flooding during heavy rains, to our 50 per cent reduction in greenhouse gas emissions over the past decade. Our commitment to being a good neighbour is equally evident in the GTAA's continued support for a range of community investment initiatives through the Propeller Project, with a particular focus on new Canadians, youth leadership and the environment.

I wish to thank the Board for its continued astute guidance as we've put our management strategies into action, and for setting an exemplary standard of governance to reinforce our stewardship of this vital piece of Canadian public infrastructure. I also want to underline my gratitude to the GTAA's 1,300 employees – and to their tens of thousands of colleagues across Toronto Pearson – who work every day to make our airport the best in the world.

As we continue to address the growing demand for connectivity, we have a solid financial foundation and a clear strategy for the next two decades and beyond. And most importantly, we have a deep understanding of the value our airport delivers, whether we're helping a family from Mississauga get away on vacation, connecting a high-tech entrepreneur with her global business partners, reuniting an elderly couple from overseas with relatives in Brampton, or proudly helping to greet thousands of Syrian refugees as they arrive in their new Canadian home.

To all of our passengers, from nearby communities or halfway around the globe – and to our airline customers as well, whether they're flying into or out of Toronto Pearson – we sum up our confidence in the future with the same simple message: *Welcome to the neighbourhood.*

HOWARD ENG
President and Chief Executive Officer

Board of Directors

W. DOUGLAS ARMSTRONG

Douglas Armstrong had a long career as a senior public sector administrator, operated a small consulting business and is now a retired executive having served as a board member for a number of professional and community service committees.

Appointed by the Government of Canada

PAUL W. CURRIE

Paul Currie is President and Director of Currie Strategic Capital Inc. Mr. Currie is a seasoned executive with senior officer and director-level commercial experience in North America, Europe and Asia. Mr. Currie was formerly a senior executive with a number of public and privately owned businesses and a Coopers & Lybrand partner.

Community Member

STEPHEN J. GRIGGS

Stephen Griggs is Chief Executive Officer of Smoothwater Capital Corporation, a company focused on activist investing in small- to mid-cap Canadian companies. Mr. Griggs is also Chair of the Board of Genesis Land Development Corp. and Equity Financial Holdings Inc., and is a director of several community organizations.

Nominated by the Region of Peel

IAN L.T. CLARKE

Ian Clarke is Executive Vice President and Chief Financial Officer of Business Development at Maple Leaf Sports & Entertainment Ltd., Canada's pre-eminent leader in delivering top-quality sports and entertainment experiences.

Nominated by the Region of Durham

JEFF P. FEGAN

Jeff Fegan is the former Chief Executive Officer of Dallas/Fort Worth (DFW) International Airport and past Chairman of the Board of Directors of Airports Council International – North America (ACI–NA).

Community Member

BRIAN P. HERNER

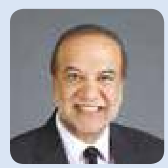
Brian Herner is a founder and past President and CEO of BIOREM Technologies Inc., the leading supplier of biofilters for air pollution control; President of General Chemical (Canada) Ltd.; and previously a Vice President of Zenon Environmental Inc.

Nominated by the Region of Halton

SHAUN C. FRANCIS

Shaun Francis is Chief Executive Officer of Medcan Health Management Inc., a leading Canadian health management company.

Appointed by the Government of Canada



ROGER MAHABIR

Roger Mahabir is Chairman and CEO of Tracker Networks Inc. and President of Technology Innovations Inc. Most recently, he was founder and CEO, Assurent Secure Technologies. Mr. Mahabir was previously Chief Information Officer, RBC Capital Markets (Royal Bank), and recognized as one of the industry's top CIOs.

Community Member

KATHY MILSOM

Kathy Milsom is the Chair of the Standards Council of Canada, Chair of the Advisory Board for Direct Construction and a Senior Fellow with the Canada School of Public Service. She is the former President and CEO of the Technical Standards and Safety Authority, and the Canada Lands Company, and former President of Vestar Facility Management.

Community Member

POONAM PURI

Poonam Puri is Professor of Law and former Associate Dean at Osgoode Hall Law School of York University. She is one of Canada's leading experts on corporate governance, corporate law and securities regulation.

Community Member

DANIELLE M. WATERS

Danielle Waters is Principal of Water's Edge Consulting, a private practice specializing in sales effectiveness, strategic planning and loyalty travel management.

Community Member

TERRANCE F. NORD

Terry Nord is President of Terry Nord Consulting Corporation, an aviation consulting firm. He has held senior executive positions with DHL Express (Brussels, Belgium), FedEx (Memphis, Tenn.), Air Canada and Canadian Airlines International.

Community Member

TERRIE M. O'LEARY

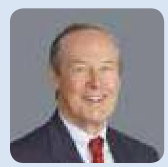
Terrie O'Leary is Interim President and CEO and Executive Vice President, Operations, at Invest Toronto, the City of Toronto's foreign direct investment marketing and sales corporation.

Appointed by the Province of Ontario

MICHELLE SAMSON-DOEL

Michelle Samson-Doel is the President of Samson-Doel Group Limited and former Executive Chair of Multi-Marques, the largest bakery in Quebec. Ms. Samson-Doel has served on the boards of the Ontario Lottery and Gaming Corporation (OLG) and Women's College Hospital Foundation. She is currently Lead Director of Boralex Inc. (BLX), and is a member of the Women's Leadership Council of the United Way of York Region.

Nominated by the Region of York



W. DAVID WILSON
Chairman

David Wilson is the former Chair and Chief Executive Officer of the Ontario Securities Commission and is now retired following an extensive career in Canada's financial services industry.

Nominated by the City of Toronto

Executive Team

MARTIN BOYER
Vice President and
Chief Information Officer

HOWARD ENG
President and
Chief Executive Officer

PATRICK NEVILLE
Vice President, Airport Planning
and Technical Services

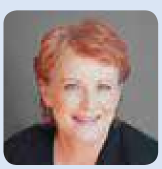
CRAIG BRADBROOK
Vice President,
Aviation Services

SELMA M. LUSSENBURG
Vice President, Governance, Corporate
Safety and Security, General Counsel
and Corporate Secretary

JILL SHARLAND
Vice President and
Chief Financial Officer

SCOTT COLLIER
Vice President, Customer
and Terminal Services

HILLARY MARSHALL
Vice President, Stakeholder Relations
and Communications



VALERIE DUFFEY
Vice President,
Human Resources

Corporate Governance

The Board of Directors (the "Board") is representative of the cultural mosaic of the Greater Toronto Area and the major economic sectors in the region that Toronto Pearson serves.

The GTAA was incorporated in 1993 as a non-share capital corporation and in 2014 transitioned to the *Canada Not-for-Profit Corporations Act*. Although the GTAA is a non-share capital corporation, the GTAA complies with Canadian securities legislation as a reporting issuer. As a corporation without share capital, the GTAA has Members rather than shareholders or other equity holders.

The GTAA is governed by a Board consisting of 15 Directors. The Directors are elected by the Members. Directors serve a term of three years and are eligible to be re-elected subject to a maximum total term of nine years.

Five Directors are elected by the Members from candidates nominated by municipalities. Specifically, each of the regional municipalities of York, Halton, Peel and Durham, and the City of Toronto, is entitled to provide, on a rotating basis, the names of up to three candidates, and following an assessment process the Members elect one of them for each available position as a Director.

In addition, seven Directors are elected by the Members on a cyclical basis from a pool of eligible candidates who are identified and assessed through a search process, which includes engaging the Law Society of Upper Canada, Professional Engineers Ontario, the Institute of Chartered Accountants of Ontario, the Toronto Region Board of Trade, the Board of Trade of the City of Mississauga and the Board of Trade of the City of Brampton.

Finally, the Government of Canada provides the names of two individuals and the Province of Ontario one individual, all of whom are elected as Directors by the Members.

All members of the GTAA's Board are independent, as that term is defined in the applicable securities legislation. The Board is a "skills based" Board; namely that the Directors are elected on the basis of their abilities, experience and skills needed to oversee the GTAA's complex and industry-leading activities of managing Toronto Pearson, a vital facility for the region's economic and social benefit.

The GTAA's Board meets on a regular basis and views its principal responsibility as overseeing the conduct of the GTAA's business and setting the strategic direction for the GTAA. The Board ensures that long-term goals and strategies are developed and implemented to ensure Toronto Pearson continues to support and foster growth in the Greater Toronto Area.

The Board also ensures that the necessary systems are in place to manage the risks associated with the GTAA's business and to monitor and measure management's performance in carrying out the GTAA's objectives.

In 2015, there were five standing committees of the Board: the Audit Committee; the Corporate Governance and Nominating Committee; the Environment, Safety, Security and Stakeholder Relations Committee; the Human Resources and Compensation Committee; and the Planning and Commercial Development Committee. The mandates of the Committees of the Board are summarized below:

AUDIT COMMITTEE

The Audit Committee's mandate is to fulfill the legal obligations that apply to audit committees of reporting issuers and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting, accounting, auditing and internal controls. In so doing, the Committee reviews all aspects of the GTAA's financial and accounting management procedures and oversees the integrity of the GTAA's financial statements and financial reporting process. It also oversees the work of the GTAA's external auditor engaged for the purpose of preparing and issuing an auditor's report, overseeing the qualifications and independence of the external auditor, and providing an open avenue of communication between the senior management of the GTAA, the external auditor, the internal auditor, and the members of the Board and Committees of the Board.

In addition, the Committee reviews the risk management and insurance programs to minimize risk and exposure and ensure compliance with the insurance requirements under the Ground Lease and the Master Trust Indenture. Finally, the Committee monitors and oversees the defined benefit and defined contribution pension plans for the GTAA's employees. The Charter of the Audit Committee is attached to the GTAA's Annual Information Form, which may be accessed at www.sedar.com.

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

The Corporate Governance and Nominating Committee is charged with the implementation and assessment of effective corporate governance principles. The Committee also is responsible for developing and reviewing the roles and responsibilities of the Board, the Chair of the Board, and the President and Chief Executive Officer; overseeing the Member nomination process; recommending candidates for appointment as Members; Board succession planning; establishing an orientation program for new Directors; overseeing Director educational and professional development; reviewing the terms of reference of Board Committees; assessing the effectiveness of the Board and the Committees of the Board; and ensuring compliance with corporate governance requirements.

ENVIRONMENT, SAFETY, SECURITY AND STAKEHOLDER RELATIONS COMMITTEE

The Environment, Safety, Security and Stakeholder Relations Committee's mandate includes providing leadership and oversight of matters pertaining to the GTAA's relationships with government, the community and stakeholders, its strategic communications program relating to such relationships, the environment, public safety, airport security, the GTAA's internal security, airport operations, emergency preparedness, and corporate social responsibility practices and reporting.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Human Resources and Compensation Committee's mandate is to oversee matters related to the GTAA's human resources strategy, including occupational health and safety, hiring, employee training and development, succession planning for key management positions, the GTAA's compensation and benefit policies, recruitment and compensation matters relating to the President and Chief Executive Officer and officers, and matters relating to regulatory disclosure of compensation.

PLANNING AND COMMERCIAL DEVELOPMENT COMMITTEE

The Planning and Commercial Development Committee's mandate includes oversight of the GTAA's commercial development of the airport, business strategy, planning, development and utilization of infrastructure and facilities to meet the needs of the GTAA's customers and stakeholders, including air carriers, passengers and cargo shippers. It also is responsible for ensuring that the GTAA has an appropriate, up-to-date and approved master plan, and that the GTAA has in place the management systems necessary to undertake such matters.

Management's Discussion and Analysis

FOR THE YEAR ENDED DECEMBER 31, 2015
Dated March 23, 2016

FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis ("MD&A") contains certain forward-looking information. This forward-looking information is based on a variety of assumptions and is subject to risks and uncertainties. Please refer to the section titled "Caution Regarding Forward-Looking Information" contained at the end of this MD&A for a discussion of such risks and uncertainties and the material factors and assumptions related to the forward-looking information.

This report discusses the financial and operating results of the Greater Toronto Airports Authority (the "GTAA") for the year ended December 31, 2015, and should be read in conjunction with the financial statements of the GTAA for the years ended December 31, 2015 and 2014, and the Annual Information Form for the year ended December 31, 2015. These documents provide additional information on certain matters that may or may not be discussed in this report. Additional information relating to the GTAA, including the Annual Information Form and the financial statements referred to above, is available on SEDAR at www.sedar.com. The GTAA's financial statements and MD&A are also available on its website at www.torontopearson.com.

CORPORATE PROFILE

The GTAA was incorporated in March 1993 as a corporation without share capital under the *Canada Corporations Act* and recognized as a Canadian Airport Authority by the federal government in November 1994. Effective February 27, 2014, the GTAA was continued under the *Canada Not-for-profit Corporations Act*, the successor legislation to the *Canada Corporations Act*. The GTAA is authorized to operate airports within the south-central Ontario region, including the Greater Toronto Area (the "GTA"), on a commercial basis, to set fees for their use and to develop and improve the facilities. In accordance with this mandate, the GTAA currently manages and operates Toronto Pearson International Airport (the "Airport" or "Toronto Pearson") under a ground lease with the federal government, which was executed in December 1996 (the "Ground Lease"). The Ground Lease has a term of 60 years, with one renewal term of 20 years. The Ground Lease is available on SEDAR at www.sedar.com and on the GTAA's website at www.torontopearson.com.

BUSINESS STRATEGY

Air travel activity at Toronto Pearson has risen significantly over the last six years and in 2015, Canada's largest airport welcomed over 41 million passengers. Toronto Pearson processed more international passengers than any other North American airport, except John F. Kennedy Airport in New York City. Canada's major air carriers continue to expand and use Toronto Pearson as a key hub airport. In the near term, additional investment in the Airport will relate to operational and passenger processing improvements, repairs and maintenance, initiatives that generate additional non-aeronautical revenues, or to meet regulatory requirements, all within existing facilities. The strong passenger growth experienced over the past few years, if sustained, will likely result in the need to accelerate the next large investment in physical infrastructure. The GTAA is preparing terminal expansion plans and designs, and construction will commence when demand dictates and after a thorough consultation with the air carriers.

"The Best Airport in the World: Making a Difference, and Connecting the World" is the GTAA's vision. "Passengers Are Our Passion" is its mission. With passengers at the centre of its business focus, the GTAA has developed a set of Strategic Goals that will focus its efforts and drive the GTAA toward its vision.

The GTAA's 20-year strategic framework, approved by the Board of Directors (the "Board") in March 2015, seeks to position the Airport to meet the travel demands of the south-central Ontario region in a sustainable manner. The 20-year strategic framework is guided by three overarching principles: financial sustainability, customer experience and operational excellence. The overarching principles are intended to create a balanced approach to the GTAA's strategic business decisions. The GTAA's strategic framework will be advanced and measured through the achievement of the following six Strategic Goals: Passenger and Customer Service, Safety, Engaged People, Financial Sustainability, Aviation Growth and Corporate Responsibility (community and the environment).

During 2015, the GTAA, together with Urban Strategies Inc., released a report, "TORONTO PEARSON: GROWTH, CONNECTIVITY, CAPACITY – The future of a key regional asset". It highlights Toronto Pearson as a key global connection and economic asset, and outlines anticipated air travel demand in the region. The report states that by 2043 regional air travel volumes are expected to reach 90 million passengers annually and driving times are expected to increase by 25 to 35 per cent compared to 2014 levels. The GTAA is working with regional airports and local and provincial governments on how to support the growing demand for air travel and to address ground transportation congestion and the need for increased transit options. The commencement of service of the Union Pearson Express Train in June 2015 is part of the solution to alleviate Airport traffic congestion.

OUTLOOK

The improving financial results of the GTAA that began in 2010 have continued throughout 2015 and are expected to continue throughout 2016. Toronto Pearson's growth reflects the region's population growth and economic success, and an increase in the Airport's connecting passenger traffic. During 2015, passenger traffic grew by 6.4 per cent compared to the same period in 2014. Toronto Pearson was the second-largest international passenger airport in North America as measured by the total number of annual international passengers. With 61.3 per cent of the Airport's passengers in 2015 being international, there continues, however, to be some risk for the air travel industry due to, among other risks, the uneven global economic outlook, volatile oil prices and currency fluctuations. The GTAA remains focused on activities designed to continue to reduce costs, grow non-aeronautical revenues by offering products and services that passengers value, and work with air carriers to expand capacity on existing routes and attract new air service.

As a result of its improved financial performance, the GTAA has held or reduced the average air carriers' cost per enplaned passenger for overall aeronautical fees for eight consecutive years – this represents a reduction of approximately 30 per cent in aeronautical fees since 2007. In addition to the three-year (2013 to 2015) freeze in the GTAA's aeronautical rates, the GTAA has held these rates constant for 2016. These fee reductions or rate freezes are a result of the continued growth in air carrier and passenger traffic, an increase in non-aeronautical revenues, and operating cost and capital expenditure management.

The GTAA believes that continued prudent planning and strategy-setting will strengthen the GTAA and enable Toronto Pearson to capitalize on growth opportunities as its hub strategy strengthens and air travel demand continues to grow. While the GTAA is placing increasing emphasis on utilizing internally generated cash flows to fund capital investments, the GTAA may from time to time access the capital markets to refinance maturing debt and fund the redevelopment of existing assets as well as new major capital programs. The GTAA's measured approach of matching Airport capacity to demand, together with the management focus expressed in its strategic framework, position the GTAA well to continue to meet the developing air travel needs of the south-central Ontario region in a sustainable manner.

OPERATING ACTIVITY

The GTAA monitors passenger activity levels and aircraft movements, including the type and size of aircraft, as both passenger and aircraft activity have a direct impact on its financial results.

Passenger Activity

In 2015, Toronto Pearson experienced a large annual increase in passenger growth for the second consecutive year. Passenger traffic at the Airport increased in 2015 by 6.4 per cent, from 38.6 million passengers in 2014 to 41.0 million passengers in 2015, representing an annual growth of 2.4 million passengers.

Passenger traffic at the Airport is generally categorized as belonging to one of two sectors: domestic, or passengers travelling within Canada; and international, or passengers travelling between Canada and destinations outside Canada. The previously reported "transborder" sector, or passengers travelling between Canada and the United States, is now consolidated for reporting purposes into the international sector. During 2015, the strongest growth was in the international sector, where there was an increase in passenger traffic of 7.7 per cent, from 23.4 million passengers in 2014 to 25.2 million passengers in 2015. The domestic sector experienced an increase of 4.4 per cent, from 15.2 million passengers to 15.8 million passengers, over the same comparable periods.

The following table summarizes passenger activity by sector for 2015 and 2014:

(in millions)	**2015**	2014	% Change
Domestic	**15.8**	15.2	4.4%
International(1)	**25.2**	23.4	7.7%
Total	**41.0**	38.6	6.4%

(1) *Previously reported "transborder" sector is now included in "international" sector.*

The majority of passenger growth at Toronto Pearson over the past 11 years has been in international air travel. As a global hub airport, Toronto Pearson has a robust network offering direct flights to 144 international and 30 Canadian cities. Toronto Pearson's passengers now have direct service from Toronto to 67 per cent of the world's economy, based on global Gross Domestic Product ("GDP").

This gives Toronto Pearson the critical mass that attracts local and connecting passengers necessary to support new or expanded international routes. International traffic represented 61.3 per cent of total passengers at the Airport in 2015. During 2015, there was increased capacity on many existing routes and the opening of new routes to Shanghai, Dublin, Phoenix, Mexico City, Rio de Janeiro, Orlando, Miami and San Francisco. In addition, there was an increase in passenger demand on well-established routes to Western Europe, notably Paris and Amsterdam, along with routes to and from the Caribbean, with various destinations in Cuba and Mexico recording strong growth. Toronto Pearson welcomed three new air carriers to the Airport during 2015. These were TAM Airlines serving Sao Paulo, Aeroméxico serving Mexico City and KF Aerospace operating freighter services to Brussels.

Domestic growth was driven by increased airline competition on Eastern Canadian routes, which reduced average airfares and stimulated higher passenger demand, as well as the growth of passengers from other Canadian cities connecting at the Airport to international destinations. During 2015, there was increased capacity on existing routes to Vancouver, Calgary, Edmonton and Fredericton.

There are two principal types of passengers: origin and destination passengers, and connecting passengers. An origin and destination passenger is a passenger initiating or terminating a trip at a specific airport, while a connecting passenger changes aircraft at that same airport en route to their final destination. Approximately 68.7 per cent of Toronto Pearson's total passenger traffic in 2015 were origin and destination passengers, while the remaining 31.3 per cent of passengers were connecting passengers.

Flight Activity

During 2015, air carriers serving Toronto Pearson increased service (on a net basis) on a total of 134 routes, representing either completely new service or an increased capacity on existing routes.

Flight activity is measured by aircraft movements, where one movement is defined as a landing or takeoff of an aircraft. Each aircraft type has a specific maximum take-off weight ("MTOW") as specified by the aircraft manufacturers and the total number of seats. These measures are used to calculate the majority of air carrier charges for each arrived flight. The load factor, a ratio of passengers to seats, is a measure of aircraft capacity utilization and is computed as a percentage of seats filled by passengers.

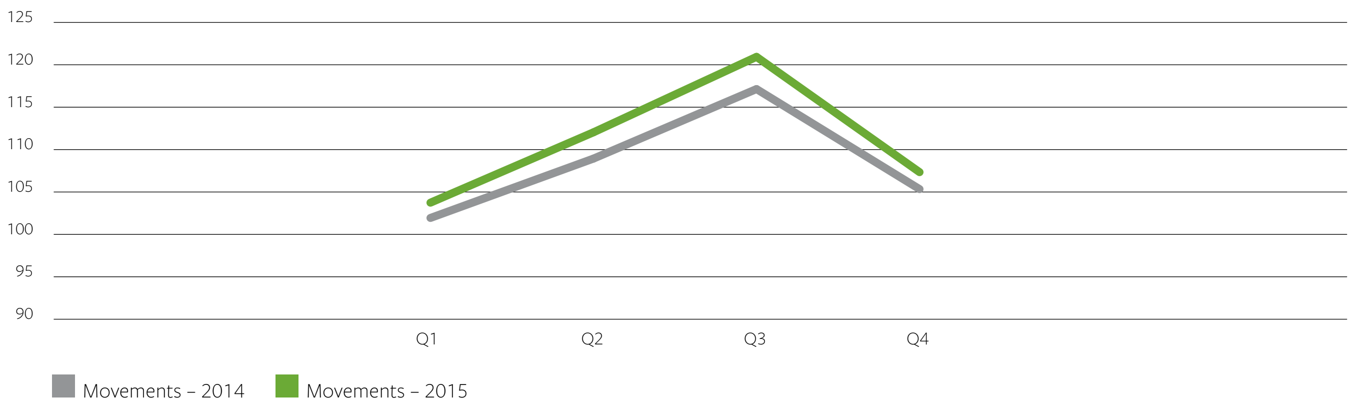
The following table summarizes aircraft movements, MTOW, arrived seats and load factor for 2015 and 2014:

(in millions)	**2015**	2014	% Change
Aircraft movements	**0.444**	0.435	2.1%
MTOW (tonnes)	**16.0**	15.1	5.8%
Arrived seats	**25.0**	23.7	5.8%
Load factor	**82.0%**	81.5%	0.5%

Total movements during 2015 were 444,000, as compared to 434,600 in 2014, an increase of 2.1 per cent.

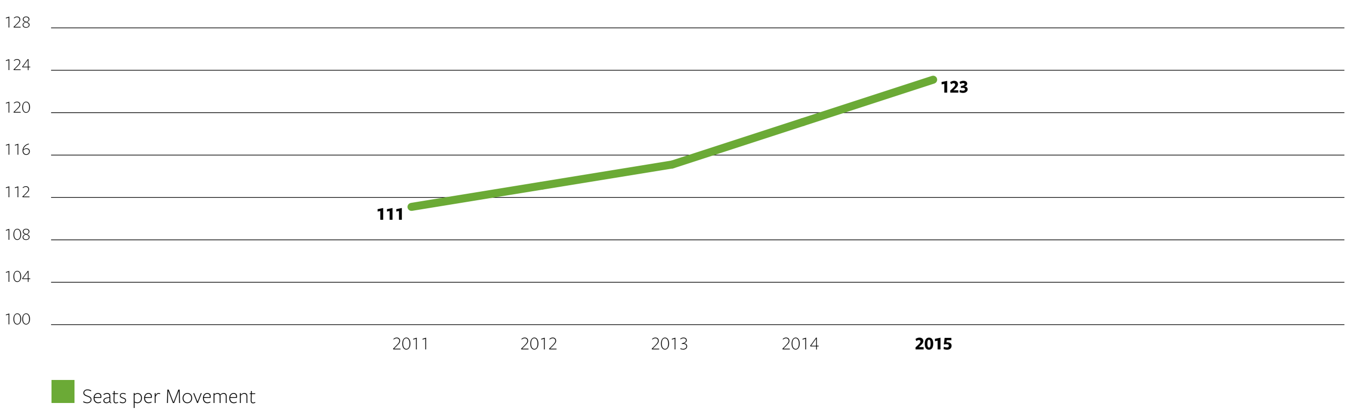
The following chart illustrates the seasonality and rise in movements for the past two years by quarter:

MOVEMENTS
(in thousands)



Total MTOW for 2015 was 16.0 million tonnes, an increase of 5.8 per cent as compared to 15.1 million tonnes in 2014. Total arrived seats increased by 5.8 per cent from 23.7 million seats in 2014 to 25.0 million seats in 2015. There is a trend toward the use of larger passenger aircraft based on the number of arrived seats per arrived passenger aircraft movement of 123 in 2015 versus 119 in 2014 for an overall increase of 3.2 per cent. As the chart below illustrates, the number of seats per movement has been increasing over the last five years.

ARRIVED SEATS PER ARRIVED MOVEMENT
(seats)



Airlines continue to adjust their fleet mixes and flight schedules in order to increase their load factors, which supports the airlines' financial performance. This is illustrated by a year-over-year absolute growth in the average load factor of 0.5 per cent, from 81.5 per cent in 2014 to 82.0 per cent in 2015.

The GTAA reviews and updates historical measures of Airport operating activity on an ongoing basis. Changes to these measures, although generally not material, do occur. For the most current operating activity statistics, please consult the GTAA's website at www.torontopearson.com.

RESULTS OF OPERATIONS

The following section discusses the GTAA's approach to setting its aeronautical rates and charges, together with its financial results. In reviewing the financial results, it is important to note that the GTAA is a not-for-profit corporation without share capital. Under the GTAA's financial model, all funds, whether generated through revenues or debt, are used for Airport operations, ancillary aviation-related activities, construction, repairs and maintenance, debt service (interest and repayment of principal), funding of restricted funds, and the GTAA's other activities.

Rate-Setting

Other than as discussed below with respect to Air Canada and WestJet, the GTAA maintained its aeronautical fees for air carriers operating at the Airport during 2015 and will continue to maintain its aeronautical fees in 2016 at 2013 levels. The GTAA retains the right, however, to set fees as required and, if circumstances should vary from the GTAA's expectations, the GTAA may alter its fees to ensure that its revenues are sufficient to cover its obligations.

The GTAA and Air Canada have a long-term commercial agreement to further develop Toronto Pearson as a global hub. The non-exclusive agreement covers an initial five-year term which commenced in 2014, and an extension for a further five years subject to certain conditions having been met, and includes fixed annual aeronautical fees for Air Canada and its family members, inclusive of landing fees, general terminal charges and apron fees. The fixed annual fees may be adjusted in certain circumstances, including instances where fees for all other carriers operating at the Airport are adjusted. If Air Canada exceeds passenger growth thresholds in a given year, it will be eligible for a rebate. The reader is directed to the GTAA's Annual Information Form for the year ended December 31, 2015 for additional information relating to the Air Canada agreement.

In January 2016, the GTAA entered into a long-term commercial agreement with WestJet that has similar parameters to the Air Canada commercial agreement. The WestJet agreement has an effective date of January 1, 2016 and covers an initial four-year renewable term.

Revenues

Revenues are derived from aeronautical charges (which include landing fees, general terminal charges and apron fees), Airport Improvement Fees ("AIF") and non-aeronautical revenue sources such as car parking and ground transportation, concessions, rentals (which include counter fees and check-in fees) and other sources. The primary driver of aeronautical revenues is aircraft movements. Landing fees are based on the MTOW of arriving aircraft, general terminal charges are based on the number of seats of an arriving aircraft, and apron fees are based on the usage of apron and aircraft gates and bridges. The AIF is charged on a per-passenger basis. The majority of non-aeronautical revenues are correlated with passenger activity.

The following table summarizes the GTAA's revenues for the years ended December 31, 2015, 2014 and 2013:

(in thousands)	**2015**	2014	2013
	$	$	$
Landing fees[(1)]	**281,921**	292,466	300,085
General terminal charges	**193,792**	189,074	182,985
Aeronautical revenues	**475,713**	481,540	483,070
Airport improvement fees	**353,687**	331,910	314,061
Car parking and ground transportation	**157,070**	149,473	139,801
Concessions and rentals[(2)]	**200,725**	186,583	171,528
Other	**13,445**	4,023	2,520
Total	**1,200,640**	1,153,529	1,110,980

(1) *Landing fees, net of rebates, include apron fees.*
(2) *Rentals include check-in fees and counter fees.*

Gross aeronautical revenues increased during 2015, when compared to 2014. After accounting for an accrual of the aeronautical fee rebates related to airline incentive programs, aeronautical revenues for the year ended December 31, 2015 totaled $475.7 million, a decrease of $5.8 million from $481.5 million in 2014. The decrease reflects higher aeronautical fee rebates in 2015 than 2014 as a result of an increase in qualifying air carrier activity during the period.

AIF revenue increased from $331.9 million in 2014 to $353.7 million in 2015. This increase reflects higher passenger activity during 2015. Under the AIF agreements with each of the air carriers, the GTAA has committed to using the AIF revenues for capital programs, including associated debt service. In 2015, $353.7 million of AIF revenue earned was used toward debt service and capital projects. This compares to $331.9 million earned during 2014 and used toward debt service and capital projects.

The GTAA also generates revenue from car parking and ground transportation, concessions and rental properties. The increase in revenues from car parking and ground transportation from $149.5 million in 2014 to $157.1 million in 2015 reflects a combination of rate increases, an increase in passenger volumes during 2015 when compared to 2014 and enhanced marketing and business development initiatives.

Concession and rental revenues increased from $186.6 million in 2014 to $200.7 million in 2015. This increase is attributable to improved concession revenues in 2015 as a result of higher passenger volumes during 2015 as compared to 2014, and the introduction of new retail and food and beverage offerings designed to enhance the customer experience. During 2015, there were 21 new retail stores, restaurants and service openings, including 12 in Terminal 1 and nine in Terminal 3, which includes seven new openings in the newly renovated and reopened Pier A.

Other revenues, which are composed of deicing, fire and emergency services training and other miscellaneous revenues, increased by $9.4 million from $4.0 million in 2014 to $13.4 million in 2015. This increase is primarily attributable to the new Deicing Operations that the GTAA took over in July 2015 from a third-party service provider. This new role for the GTAA allowed it to ensure personnel continuity, quality and improved turnaround time performance to air carriers. Air carriers pay the GTAA a Deicing Facility Fee for performing the deicing services.

Expenses

Expenses include the costs to operate and maintain the Airport, interest and financing costs, and amortization of property and equipment, investment property and intangible assets.

The following table summarizes GTAA's expenses for the years ended December 31, 2015, 2014 and 2013:

(in thousands)	**2015**	2014	2013
	$	$	$
Ground rent	**128,007**	133,006	128,877
Goods and services	**240,384**	216,370	208,477
Salaries, wages and benefits	**141,612**	125,712	122,997
PILT	**31,921**	30,401	28,953
Amortization of property and equipment, investment property and intangible assets	**235,003**	226,287	223,945
	776,927	731,776	713,249
Interest expense on debt instruments and other financing costs, net	**357,808**	379,089	390,705
Early retirement of debt charge	**0**	102,308	0
Interest and financing costs, net	**357,808**	481,397	390,705
Total expenses	**1,134,735**	1,213,173	1,103,954

Ground rent payments are calculated as a percentage of revenues (as defined in the Ground Lease). Ground rent expense (including the amortization of land acquisition costs) during 2015 was $128.0 million, a decrease of $5.0 million when compared to 2014. This decrease in ground rent expense is primarily due to an agreed interpretation with Transport Canada in 2015.

In each year beginning in 2006 and ending in 2015, actual ground rent payments made to the federal government included a $4.2 million payment of ground rent that had been deferred by the federal government in the 2003 to 2005 period. This payment was not recorded as an expense in the statement of operations and comprehensive income (loss), as it had been accrued in a previous period.

Expenditures for goods and services were $240.4 million for 2015, an increase of $24.0 million when compared to 2014. Of this significant increase, approximately $11.5 million was due to the one-time net gains recorded during 2014 on the valuation of the derivative contract with the Independent Electricity System Operator (formerly known as Ontario Power Authority) and the excess of insurance proceeds received over the book value of damaged property and equipment disposed of as a result of the severe storm event on July 8, 2013. During 2015, the GTAA incurred higher expenditures by approximately $11.9 million related to its investments in operational excellence, improving the customer experience and overall safety, which are key elements of the GTAA's 20-year strategic framework. These investments included additional preventative maintenance and airport security, and continuing to provide free use of baggage carts to passengers.

Salaries, wages and benefits increased from $125.7 million in 2014 to $141.6 million in 2015. Approximately $5.7 million of this increase was attributable to the hiring of additional personnel in the Deicing Operations that the GTAA assumed from a third-party service provider in July 2015. The remaining increase was due to the hiring of new staff to work on projects that enhance the customer experience, and an annual increase in employee costs and overall benefits.

The GTAA has an exemption from the payment of real property taxes under the *Assessment Act* (*Ontario*), and instead pays payments-in-lieu of real property taxes ("PILT") to each of the cities of Toronto and Mississauga as prescribed by regulation. The annual PILT is based on actual passenger volumes in a prior year. The PILT expenditure increased from $30.4 million in 2014 to $31.9 million in 2015.

Amortization of property and equipment, investment property and intangible assets increased from a total of $226.3 million in 2014 to $235.0 million in 2015. This increase is due to additions to the depreciable asset base.

Net interest and financing costs were $357.8 million for the year ended December 31, 2015, as compared to $481.4 million for 2014. This decrease of $123.6 million is primarily attributed to the costs associated with the GTAA's purchase of certain of its outstanding debt securities during 2014. During 2014, the GTAA purchased and cancelled approximately $399.3 million face value of its outstanding debt using the Notional Principal Fund, AIF Reserve Fund and cash. The 2014 early retirement of debt charge of $102.3 million was due to the difference between the purchase price and the carrying value of the notes at the time of purchase and cancellation. By purchasing and cancelling certain of its outstanding debt securities during 2014, the GTAA has achieved savings in net interest and financing costs and expects to experience further net interest savings in the future. The remaining reduction in costs is attributed to a lower balance of outstanding debt as a result of the 2014 early retirement of debt discussed above and the June 2015 maturity of the $350 million Series 2005–1 Medium Term Notes ("MTNs").

Net Operating Results

The revenues and expenses discussed in the previous sections generated the following net operating results for the years ended December 31, 2015, 2014 and 2013:

(in thousands)	**2015**	2014	2013
	$	$	$
Revenues	**1,200,640**	1,153,529	1,110,980
Operating expenses (excluding amortization)	**541,924**	505,489	489,304
Amortization of property and equipment, investment property and intangible assets	**235,003**	226,287	223,945
Earnings before interest and financing costs, net	**423,713**	421,753	397,731
Interest and financing costs, net	**357,808**	481,397	390,705
Net income/(loss)	**65,905**	(59,644)	7,026

The components of revenues and expenses were discussed previously. Earnings before interest and financing costs increased to $423.7 million in 2015, from $421.8 million in 2014.

For the year ended December 31, 2015, the GTAA recorded net income of $65.9 million, as compared to a net loss of $59.6 million in 2014, an increase of $125.5 million. This increase in net income is mainly the result of the 2014 one-time early retirement of debt charge of $102.3 million which is discussed in "Expenses" above. By excluding this early retirement of debt charge, the GTAA generated net income of $42.7 million in 2014. Net income is reinvested in the Airport for new initiatives to improve Airport operations and customer service, to fund capital projects or to repay existing debt.

Summary of Quarterly Results

Condensed unaudited quarterly financial information for the quarters ended March 31, 2014 through December 31, 2015 is set out in the following table:

	Quarter Ended							
	2015				2014			
(in millions) [1]	**Dec**	**Sep**	**Jun**	**Mar**	Dec	Sep	Jun	Mar
	$	**$**	**$**	**$**	$	$	$	$
Revenues	**298**	**325**	**292**	**285**	284	307	284	279
Operating expenses (excluding amortization) [2]	**150**	**133**	**121**	**138**	137	120	119	131
Amortization [2]	**60**	**59**	**58**	**58**	57	56	55	58
Earnings before interest and financing costs, net	**88**	**133**	**113**	**89**	90	131	110	90
Interest and financing costs, net	**88**	**88**	**91**	**90**	114	94	176	97
Net income/(loss)	**0**	**45**	**22**	**(1)**	(24)	37	(66)	(7)

[1] *Rounding may result in the above figures differing from the quarterly results reported in the condensed interim financial statements.*
[2] *Amortization means amortization of property and equipment, investment property and intangible assets.*

Interest and financing costs for the quarters ended June 30, 2014 and December 31, 2014 included the 2014 one-time early retirement of debt charge of $80.7 million and $21.6 million, respectively. See "Expenses" above.

The GTAA's quarterly results are influenced by passenger activity and aircraft movements, which vary with travel demand associated with holiday periods and other seasonal factors. In addition, factors such as weather and economic conditions may affect operating activity, revenues and expenses. Changes in operating facilities at the Airport may affect operating costs, which may result in quarterly results not being directly comparable. Due to these factors, the historical quarterly results cannot be relied upon to determine future trends.

CAPITAL PROJECTS

As part of the 20-year strategic framework approved by the Board in 2015, the GTAA will continue to meet the growing demand for air travel through making optimum use of existing facilities prior to investing in new capital infrastructure.

In the near term, the GTAA will continue to focus on capital programs that optimize the capacity and use of its existing infrastructure assets to improve passenger, baggage, and aircraft processing and flow, comply with regulatory requirements, and enhance customer experience, primarily through its improvement projects. Expenditures related to these capital projects are expected to be funded primarily through cash flows generated from operations.

The following describes the GTAA's most significant capital projects recently completed or currently in development.

Terminal 3 Improvement Projects – The Terminal 3 improvement projects include the following improvements:

a) Restoration of Pier A, which is now complete. The restoration added five bridged gates and four commuter aircraft parking positions to Terminal 3. Pier A officially opened on June 9, 2015.

The following Terminal 3 projects are expected to be completed in 2017:

b) Energy efficiency improvements, including LED lighting upgrades, installation of daylight sensors, and modifications to mechanical and lighting control systems

c) Retail improvements, including the provision of new post-security retail space for duty free, food and beverage, specialty retail and newsstands, with an atrium allowing for natural light into the space to enhance passenger experience

d) Modifications to check-in and security screening layout, including expanded passenger security screening checkpoints serving domestic and international passengers

As at December 31, 2015, the GTAA had expended $97.2 million on the Terminal 3 improvement projects.

Regulatory Project: Security Screening in Advance of United States Customs and Immigration Processing – This project addresses a regulatory requirement to relocate passenger security screening in advance of United States customs and immigration processing. The Terminal 1 portion of the project is scheduled to be operational by the end of the first quarter of 2016 and to be fully completed by the second quarter of 2016, while the Terminal 3 portion of the project has been operational since January 14, 2016 and is expected to be fully completed by the end of the first quarter of 2016. As at December 31, 2015, the GTAA had expended $77.3 million on this project.

Restoration Capital Projects – The GTAA has an ongoing program to improve, restore or replace certain capital assets. During 2015, the GTAA expended approximately $77.6 million for capital restoration projects to upgrade, refurbish or replace existing facilities and $27.6 million related to technology upgrades and improvements.

ASSETS AND LIABILITIES

Total assets and liabilities as at December 31, 2015, 2014 and 2013 are set out in the following table:

(in millions)	**2015**	2014	2013
	$	$	$
Total assets	**5,934.3**	6,158.0	6,611.1
Total liabilities	**6,601.5**	6,902.9	7,290.4

Total assets and liabilities at December 31, 2015 decreased by $223.7 million and $301.4 million, respectively, when compared to December 31, 2014. The decreases in assets and liabilities are primarily attributable to the maturity and repayment on June 1, 2015 of the $350 million Series 2005–1 MTNs. See "Liquidity and Capital Resources" below.

As shown in the table below, which describes the GTAA's restricted funds, total restricted funds decreased from $0.8 billion in 2014 to $0.5 billion in 2015 primarily due to the GTAA's use of some of the reserve funds to repay principal maturities, such as the Series 2005–1 MTNs, debt service and capital projects. The restricted funds that are cash-funded are invested in short-duration investment-grade instruments.

(in thousands) Restricted Fund	Purpose	**2015**	2014
		$	$
Debt Service	Credit enhancement	**78,752**	79,292
Debt Service Reserve	Credit enhancement	**421,637**	435,934
Operating and Maintenance Reserve(1)	Operating expenses	**0**	66,032
Renewal and Replacement Reserve(2)	Capital expenditures	**0**	3,025
Debt Service Coverage	Credit enhancement and covenant compliance	**0**	40,390
Trust Indenture directed funds		**500,389**	624,673
Notional Principal	Debt repayment	**0**	38,112
Airport Improvement Fee	Debt service and repayment, capital projects	**0**	142,067
GTAA controlled funds		**0**	180,179
Total Restricted Funds		**500,389**	804,852

(1) *During 2015, this restricted fund was replaced with a $65 million letter of credit.*
(2) *During 2015, this restricted fund was replaced with a $3 million letter of credit.*

The various Debt Service funds represent funds for regular payments of interest and principal and amounts set aside with the Trustee under the GTAA's Master Trust Indenture (the "Trust Indenture") as security for specific debt issues. The variability in the balances of these funds is caused by timing of interest and principal payouts by the Trustee and changes in the amount of outstanding debt. As the GTAA has sufficient revenues and reserve funds to meet the 125 per cent debt service covenant under the Trust Indenture, no funds are currently required to be deposited into the Debt Service Coverage Fund to meet the debt service covenant (See "Earnings Coverage"). The Operating and Maintenance Reserve and Renewal and Replacement Reserve funds represent funds set aside or letters of credit issued in accordance with the terms of the Trust Indenture for operating and capital expenses.

The GTAA also maintains for its own account funds for future principal payments and other commitments, which include the Notional Principal Fund and the AIF Reserve Fund, each of which is described below.

Notional Principal Fund – The amounts deposited to the Notional Principal Fund are computed on the basis of an estimated principal amortization for each debt issue based on a 30-year amortization period for the debt, regardless of the actual term of the respective issue. The Notional Principal Fund may be applied to the ongoing amortizing payments for the Series 1999–1 revenue bonds, which mature in 2029, to repay any debt on maturity in whole or in part or to purchase portions of any outstanding debt prior to their maturity. During 2015, $148 million was deposited to this fund and $186.1 million of accumulated Notional Principal Fund was used toward debt repayments, resulting in a year-over-year decrease of $38.1 million. As a result, the Notional Principal Fund balance as at December 31, 2015 was zero.

AIF Reserve Fund – The AIF Reserve Fund accumulates AIF revenue as it is collected. This fund is used by the GTAA for capital programs or debt service payments. See "Revenue" above for further details regarding use of the AIF Reserve Fund.

The primary component of total liabilities is debt. As at December 31, 2015, the carrying value of current and long-term debt obligations, as presented on the statements of financial position, totaled $6.3 billion, a decrease of $0.4 billion from $6.7 billion at December 31, 2014. In 2015, the GTAA repaid the $350 million Series 2005–1 MTNs. The GTAA did not issue any new long-term debt during 2015; however, on February 16, 2016, the GTAA issued $300 million Series 2016–1 MTNs to partially refinance the $350 million Series 2005–3 MTNs, which matured and were repaid on February 16, 2016.

Primarily due to the net income generated in 2015 of $65.9 million, the deficit and accumulated other comprehensive loss of $667.2 million at December 31, 2015 decreased from $744.9 million at December 31, 2014, as reported on the statements of financial position. The deficit and accumulated other comprehensive loss balances have arisen primarily due to differences between the expenses reported for financial statements and the historical residual aeronautical rate-setting model.

LIQUIDITY AND CAPITAL RESOURCES

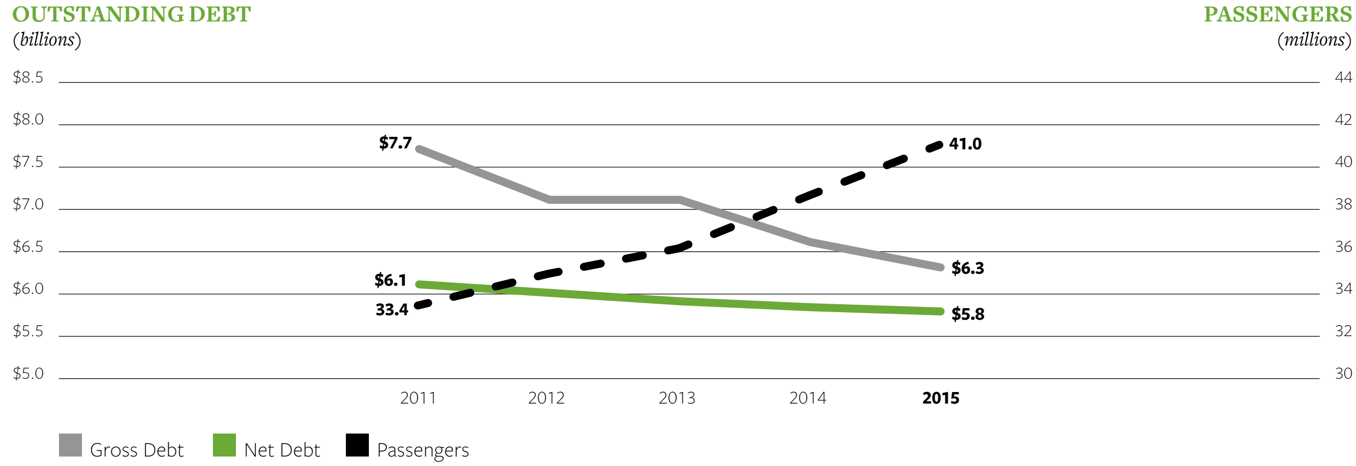
The GTAA is a corporation without share capital and, accordingly, is funded through operating revenues, AIF revenues, restricted funds, the debt capital markets and its bank credit facilities. Beginning in 2013, the GTAA transitioned from a residual rate-setting methodology to a rate-setting methodology that targets levels of cash flow sufficient to fund operating expenses, maintenance and restoration capital expenditures, and in most years, partial debt repayment and other capital investments. Consistent with its mandate, any excess funds generated by the GTAA are reinvested in the Airport or used for future debt repayments.

An overall Capital Markets Platform has been established by the GTAA with the Trust Indenture setting out the security and other common terms and conditions of all debt, including bank facilities, revenue bonds and MTNs. The program has been used to fund certain capital programs, and the GTAA will continue to access the debt markets to fund certain capital programs and to refinance some or all of its maturing debt. As of December 31, 2015, the GTAA had outstanding debt securities, including accrued interest and net of unamortized discounts and premiums, of approximately $6.3 billion. This amount excludes the draws on the credit facilities. Any proceeds received from debt issuances that are not immediately required to fund capital projects or refinance maturing debt are invested in investment-grade debt instruments until such time as they are required.

The GTAA's approach to rate-setting, together with the GTAA's prudent liquidity and interest rate risk management practices, enable the GTAA to proactively manage its debt levels and debt service costs. The GTAA has in the past redeemed certain of its debt prior to its scheduled maturity, and may do so in the future. In addition, the GTAA may from time to time seek to retire or purchase any outstanding debt through cash purchases in open market, privately negotiated transactions or otherwise. Such redemptions and purchases, if any, will depend on excess cash and reserve balances, prevailing market conditions and other factors. These activities are intended to reduce the gross amount of the GTAA's outstanding debt and reduce the GTAA's annual net interest expense. As of the date of this report, the GTAA does not expect to purchase and cancel additional outstanding debt in the near term.

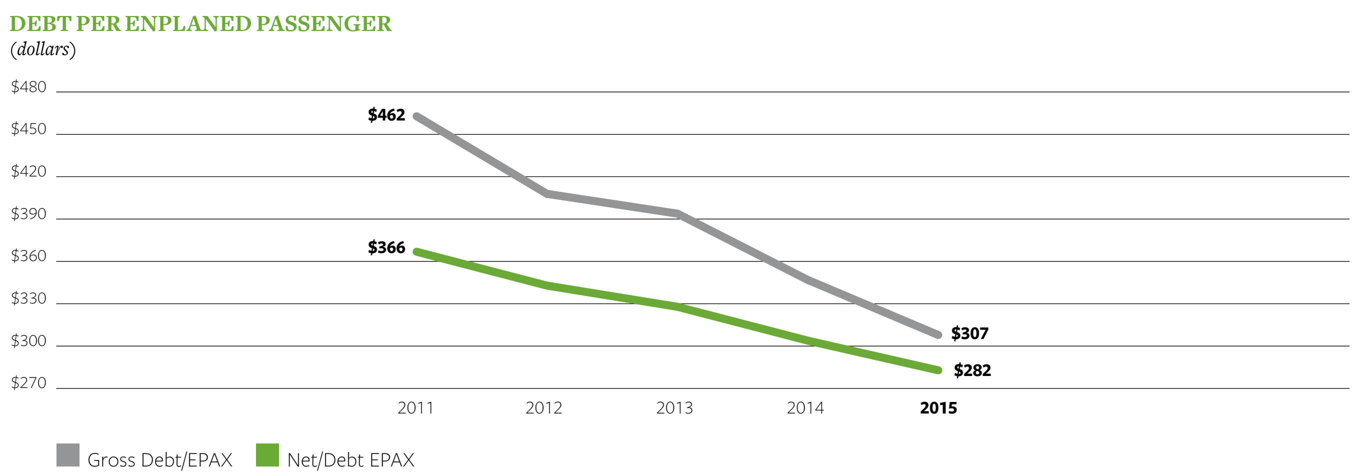
In 2015, the GTAA continued to implement key elements of its strategy to reduce its debt level and the annual debt service costs, and to reduce the negative carrying cost associated with maintaining certain reserve funds. As a result, the GTAA used cash balances contained in its AIF Reserve Fund, Notional Principal Reserve Fund, Operating and Maintenance Reserve Fund, Renewal and Replacement Reserve Fund and Debt Service Coverage Fund to repay a portion of the $350 million Series 2005–1 MTNs due on June 1, 2015 and to fund debt service, other principal repayments and its capital programs. The re-deployment of these funds saved net interest expense on the debt that would have had to be issued if these funds were not utilized.

The following chart illustrates the GTAA's reduction of gross debt over the last five years from $7.7 billion in 2011 to $6.3 billion in 2015 and the reduction of net debt from $6.1 billion in 2011 to $5.8 billion in 2015, notwithstanding the rise in passenger volumes over the same periods. Net debt is a non-GAAP financial measure.



- Gross Debt comprises Long-Term Debt (including the current portion), as set out in the GTAA's financial statements, and Bank Indebtedness
- Net Debt comprises Gross Debt less cash, cash equivalents and cash reserve funds

Debt per enplaned passenger, one of the airport industry's key financial metrics, has been on a downward trajectory for the GTAA over the last five years, as illustrated in the following graph. The GTAA's gross debt per enplaned passenger has declined from $462 in 2011 to $307 in 2015, and net debt per enplaned passenger has declined from $366 in 2011 to $282 in 2015, which are both non-GAAP financial measures.



- Gross Debt comprises Long-Term Debt (including the current portion), as set out in the GTAA's financial statements, and Bank Indebtedness
- Net Debt comprises Gross Debt less cash, cash equivalents and cash reserve funds
- Enplaned Passengers (EPAX) are defined as half of total passengers

To mitigate the impact of rising interest rates, in 2015, the GTAA entered into a derivative agreement to lock in the interest rate on a notional debt amount of $300 million using the Government of Canada five-year bond maturing in 2020 as its reference bond. Upon proper assessment, the GTAA designated the interest rate lock contract as an effective cash flow hedge for accounting purposes. At December 31, 2015, no portion of the interest rate lock derivative agreement designated as a cash flow hedge was considered ineffective. The derivative agreement was settled on February 16, 2016 to coincide with the issuance of the new $300 million Series 2016–1 MTNs.

The GTAA currently maintains the following credit facilities: a revolving operating facility in the amount of $600 million; a letter of credit facility in the amount of $100 million; and an interest rate and foreign exchange hedging facility in the amount of $150 million. The revolving operating facility matures on November 22, 2018, and can be extended annually for one additional year with the lenders' consent. The letter of credit facility matures on November 22, 2016, and can be extended annually for one additional year with the consent of the lender under this facility. The $600 million revolving operating credit facility is used to fund capital projects or operating expenses, as required, and provides flexibility on the timing for accessing the capital markets. These facilities rank *pari passu* with all other debt of the GTAA. Other than $2.3 million utilized by way of letters of credit at December 31, 2015, the GTAA had no funds drawn under the $600 million revolving operating facility. In accordance with the provisions of the Trust Indenture, during 2015, the cash balances in the Operating and Maintenance Reserve Fund and the Renewal and Replacement Reserve Fund were replaced by two letters of credit issued under the Letter of Credit Facility in the amount of $65.0 million and $3.0 million, respectively. As at December 31, 2015, the $1.8 million marked-to-market valuation loss on the bond rate lock derivative referred to above was secured by the $150.0 million hedging facility.

Restricted funds, which comprise reserve funds required under the Trust Indenture and other reserves held in accordance with the GTAA's policies, totaled $0.5 billion as at December 31, 2015, as compared to $0.8 billion at December 31, 2014. See "Assets and Liabilities" above.

At December 31, 2015, the GTAA had a working capital deficiency of $510.9 million, as computed by subtracting current liabilities from current assets. At December 31, 2015, current liabilities included $356.1 million related to the net book value of Series 2005–3 MTNs, which matured on February 16, 2016, plus accrued interest. Working capital is a financial metric that measures the short-term liquidity for those assets that can easily be converted into cash to satisfy both short-term liabilities and near-term operating costs and capital expenditures. The GTAA had available $597.7 million under its revolving operating credit facility. The GTAA believes that the available credit under the revolving operating facility, its cash balances and its ability to access the capital markets provide sufficient liquidity for the GTAA to meet its financial obligations and other current liabilities. On February 16, 2016, the GTAA issued $300 million Series 2016–1 MTNs to partially refinance the $350 million Series 2005–3 MTNs, which matured and were repaid on February 16, 2016. The remaining balance was funded through its revolving operating facility and operating cash flows.

The GTAA's debt obligations have been assigned credit ratings by Standard & Poor's Rating Service ("S&P"), DBRS Limited ("DBRS") and Moody's Investors Service, Inc. ("Moody's") of "A," "A" and "Aa3", respectively.

On February 8, 2016, Moody's upgraded its credit rating of the GTAA's MTNs from "A1" to "Aa3" in recognition of the GTAA's improved financial metrics. Moody's stated in its press release that the "improvement was driven by sustained material traffic growth and deleveraging through full or partial repayment of maturing bonds and early redemption of existing bonds."

During 2015, both S&P and DBRS upgraded the GTAA's outlook from "Stable" to "Positive". On August 14, 2015, S&P stated in its press release that "the outlook revision reflects their expectation that the GTAA's passenger traffic will continue to rise and its debt per enplanement will fall below C$300 in the next two years."

On August 21, 2015, DBRS stated in its press release that "the Positive outlook is supported by a declining debt load, good traffic growth, the expectation of strong cash flow generation from diverse revenue sources, and the Authority's continued focus on cost controls."

Ratings are intended to provide investors with an independent view of credit quality. They are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. Each rating should be evaluated independently of any other rating. The GTAA's Annual Information Form for the year ended December 31, 2015 contains more detailed information about the definition of the above credit ratings.

The GTAA's principal payments for the five fiscal years beginning January 1, 2016 include the amortizing payments for the Series 1999–1 MTNs and the maturity of MTNs Series 2005–3, Series 2007–1, Series 2008–1 and Series 2009–1. The contractual undiscounted cash flows related to long-term debt during the next five years are set out below.

The following table analyzes the GTAA's financial liabilities by relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. It does not include pension and post-retirement benefit obligations, as maturities are variable based on timing of individuals leaving the plan. The table has been prepared based on the contractual undiscounted cash flows based on the earliest date on which the GTAA can be required to pay. It includes both principal and interest cash flows.

(in thousands)	Less than 1 month	1 month to 12 months	1 year to 5 years	Thereafter
	$	$	$	$
Accounts payable and accrued liabilities	91,923	103,012	0	0
Long-term debt		365,136[1]	1,490,419	4,386,124
Interest payable on long-term debt	10,588	340,820	1,462,112	3,070,770
	102,511	808,968	2,952,531	7,456,894

[1] *Includes $350 million Series 2005–3 that matured and was repaid in February 2016.*

Accounts payable and accrued liabilities are expected to be funded through operations, while the long-term debt obligations and related interest payable are expected to be funded primarily through a combination of borrowings from accessing the capital markets and cash flows generated from operations.

In connection with the operation and development of the Airport, the GTAA had capital commitments outstanding at December 31, 2015 of approximately $184.4 million, as compared to $214 million at December 31, 2014, primarily related to construction contracts. The GTAA expects to fund these commitments primarily through its cash flow from operations.

The objective of the GTAA's investment and cash management strategy is to ensure that the cash requirements for operations, capital programs and other demands are met, and to access capital markets as may be required. The GTAA monitors its cash flow requirements accordingly. Given its current cash balance, the availability of its credit facilities, restricted fund balances, ability to access the capital markets, and projected operating cash flows, the GTAA does not anticipate any funding shortfalls in 2016. There may, however, be events outside of the control of the GTAA that could have a negative impact on its liquidity.

EARNINGS COVERAGE

For the 12-month period ended December 31, 2015, earnings before interest and financing costs for the GTAA were $423.7 million. Interest and financing costs for the same period, net of interest income and excluding capitalized interest, were $365.5 million, resulting in an earnings coverage ratio of 1.16:1.00.

The updated earnings coverage calculations have been provided to comply with disclosure requirements of the Canadian Securities Administrators ("CSA"). The earnings coverage ratio included above is computed in accordance with the CSA's requirements and is not a measure under Generally Accepted Accounting Principles. An alternate measure of the GTAA's ability to service its indebtedness is its compliance with certain covenants in the Trust Indenture. The Trust Indenture contains a covenant that requires the GTAA to establish and maintain rates, rentals, charges, fees and services so that, among other things, Net Revenues, together with any Transfer from the General Fund in each Fiscal Year, will be at least equal to 125 per cent of the Annual Debt Service for each Fiscal Year (as such capitalized terms are defined in the Trust Indenture).

The GTAA sets its rates in such a manner as to ensure the 125 per cent debt service covenant under the Trust Indenture is met. The debt service covenant test excludes amortization of property and equipment, investment property and intangible assets from expenses. It does, however, include a notional amortization, over 30 years of outstanding debt. Inclusion of debt amortization ensures that revenues are sufficient to retire debt over 30 years, which is considered appropriate for an infrastructure provider with significant, long-lived assets. As a result, the GTAA continues to meet the 125 per cent debt service covenant under the Trust Indenture, even though the earnings coverage ratio as calculated in accordance with the disclosure requirements of the CSA may at certain times be less.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The significant accounting policies of the GTAA and changes thereto are set out in Notes 3 and 4, respectively, of the financial statements as of December 31, 2015 and 2014. During the year ended December 31, 2015, the GTAA adopted the following new accounting policies.

a) Amendments to IAS 19, Employee Benefits

This standard was amended to clarify the application of IAS 19 to plans that require employees or third parties to contribute toward the cost of benefits. The GTAA has adopted the amendments to IAS 19 effective January 1, 2015. The adoption of the amendments to IAS 19 did not have an impact on the financial statements.

b) Amendment to IAS 24, Related Party Transactions

This standard was amended to revise the definition of "related party" to include an entity that provides key management personnel services to the reporting entity or its parent and clarify related disclosure requirements. The GTAA has adopted the amendment to IAS 24 effective January 1, 2015. The adoption of the amendment to IAS 24 did not have an impact on the financial statements.

In applying the GTAA's accounting policies, management is required to make certain estimates or assumptions that affect the reported amount of assets and liabilities and the disclosure of commitments and contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The critical accounting judgements and key sources of estimation uncertainty are set out in Note 5 of the financial statements as of December 31, 2015 and 2014. Actual results could differ from estimates.

Property and equipment for the Airport include items such as improvements to leased land, runways, terminals and other buildings, and roadways. These assets are recorded at cost and amortized over the estimated useful life of the asset. Amortization of assets commences when the asset is available for use, and for certain assets, such as the terminal buildings, the asset may be brought into or removed from operations in stages.

The timing for revenue recognition depends on the nature of the revenue and the specific agreements in place. Landing fees, general terminal charges and car parking revenues are recognized, net of estimated incentive program payments earned by air carriers, as the Airport facilities are utilized. AIFs are accrued upon the enplanement of the passenger. AIF revenue is remitted to the GTAA based on airlines self-assessing their passenger counts. An annual reconciliation is performed by the GTAA with the air carriers. Concessions revenue is earned on a monthly basis and is recognized based on a percentage of sales or specified minimum rent guarantees. Ground transportation revenue is recognized based on a combination of the duration of the term of the licences and permits and utilization fees. Rental revenue is recognized on a straight-line basis over the duration of the respective agreements. The GTAA's revenue generating contracts contain a right of the GTAA to audit the air carriers', tenants' or operators' books and records to ensure that AIF, rental and other revenues are properly recorded, reported and remitted to the GTAA.

The GTAA maintains defined benefit pension plans, defined contribution pension plans and other post-employment benefit plans for its employees. The cost of defined contribution pension plans is charged to expense as they are earned by employees. The cost of defined benefit plans and other post-employment benefit plans is determined using the projected unit credit method. The related pension asset/liability recognized in the statement of financial position is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The present value of the defined benefit obligation 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 valuations for defined benefit plans are carried out at each statement of financial position date.

Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income without recycling to the statement of operations and comprehensive income (loss) in subsequent periods.

Past service costs are recognized in net income (loss) when incurred.

For funded plans, surpluses are recognized only to the extent that the surplus is considered recoverable. Recoverability is based primarily on the extent to which the GTAA can unilaterally reduce future contributions to the plan.

INTERNAL CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining disclosure controls and procedures to ensure that information required to be disclosed to satisfy the GTAA's continuous disclosure obligations is recorded, processed, summarized and reported as required by applicable Canadian securities legislation. Management has carried out an evaluation of the effectiveness, as of December 31, 2015, of the design and operation of the disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, under the supervision of, and with the participation of, the President and Chief Executive Officer ("CEO") and the Vice President and Chief Financial Officer ("CFO"). Based on this evaluation, the CEO and CFO concluded that the disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the GTAA to satisfy its continuous disclosure obligations and are effective in ensuring that information required to be disclosed in the reports that the GTAA files is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. The Board has reviewed and approved the GTAA's Disclosure Controls and Corporate Communications Policy. Management has determined that, as at December 31, 2015, the design and operation of the disclosure controls and procedures continues to be effective.

Management is responsible for designing and implementing internal controls over financial reporting to provide reasonable assurance regarding the reliability of the GTAA's reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. As required under National Instrument 52-109, the GTAA, under the supervision of, and with the participation of, the CEO and the CFO, has carried out an evaluation of the effectiveness, as at December 31, 2015, of its internal controls over financial reporting. Based on this evaluation, the GTAA's CEO and CFO concluded that the GTAA maintained effective internal controls over financial reporting as at December 31, 2015. While no material weaknesses with respect to internal controls over financial reporting have been identified as at December 31, 2015, any assessment may not detect all weaknesses nor prevent or detect all misstatements because of inherent limitations. Additionally, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions or deterioration in the degree of compliance with the GTAA's policies and procedures. No changes in the GTAA's internal controls over financial reporting occurred during the last quarter and for the year ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

ENVIRONMENTAL MATTERS

The GTAA is committed to ensuring that activities undertaken at the Airport are carried out in an environmentally responsible manner, in compliance with applicable environmental laws and regulations, with appropriate management practices and with sensitivity to community and public concerns. For a description of the GTAA's environmental policies, risks, oversight and other matters, see the GTAA's Annual Information Form for the year ended December 31, 2015.

RISKS

The GTAA's Board is accountable for the oversight of the principal risks of the GTAA's business and is responsible for monitoring that management has effective policies and procedures to identify, assess and manage such risks.

The GTAA has established an Enterprise Risk Management (ERM) program to instill risk awareness among employees and provide a disciplined approach to identify, assess, treat and manage risks. An enterprise-wide approach enables financial, customer, people, business and external risks to be managed and aligned with the GTAA's strategic goals. The GTAA has integrated the ERM program into its strategic and financial planning processes, which helps the GTAA to better understand uncertainty and its potential impact on strategic goals and is a key input into the GTAA's decision-making process. The GTAA continues to review and improve its ERM program by building stronger linkages between strategy, risk and opportunity, and by incorporating emerging risks based on current events that affect the GTAA's business.

The GTAA, its operations and its financial results are subject to certain risks. At present, these risks include, without limitation, the risks set out below. Other risks are detailed from time to time in the GTAA's publicly filed disclosure documents.

If any risks materialize, there could be a reduction in the GTAA's revenues or an increase in its costs. The GTAA has the unfettered right to increase its aeronautical fees to ensure that its revenues are sufficient to cover its financial obligations.

The following is a list of the principal risks that may affect the financial position of the GTAA.

a) Funding Risk

As of December 31, 2015, the GTAA had outstanding debt securities, including accrued interest and net of unamortized discounts and premiums, of approximately $6.3 billion. The GTAA will need to continue to access the capital markets to refinance maturing debt, finance future capital projects and fund reserve funds.

There are always risks when raising funds in the capital markets, including risks related to fluctuating interest rates and the availability of funds at any point in time. External factors, such as economic conditions, government policies, catastrophic events and the state of the financial markets, can have an impact on the GTAA's ability to access the capital markets.

b) Strategic Development Risk

In 2015, the Board approved its 20-year strategic framework, which identifies the strategic priorities that support its ability to meet the growing demand for air travel. Since forward-looking plans are not able to anticipate all possible factors, there is a risk of developing strategies that may not enable the GTAA to achieve its corporate goals. Accordingly, the GTAA periodically conducts a comprehensive review of its strategic plans to incorporate any emerging factors that may influence business objectives.

c) Business Risk

Infrastructure – The provision of services at the Airport is dependent on the availability of physical assets, such as runways and taxiways, terminal buildings, parking structures and information technology. All of these facilities are designed and built to meet all regulatory standards. Should any of these assets become unavailable due to accident, event or maintenance failures, the ability to provide services and earn revenues may be impaired. The GTAA maintains insurance to protect against damage to property and business interruption. Although the GTAA maintains a well-developed asset management system, including proactive inspections and monitoring, preventative maintenance, and repairs to prevent the failure of these facilities, there remains the risk of an unforeseen service disruption that may have an impact on operations or financial results. Appropriate controls, such as monitoring of service delivery standards, operating procedures and continuity plans, have been established to ensure that the impact on passengers would be minimized during a service disruption.

Cyber-Security – Information security is integral to the GTAA's business activities and reputation. Given the Airport's extensive use of information technologies, the GTAA faces potential information security risks, including the threat of hacking, identity theft and denial of service targeted at causing system failure and service disruption. The GTAA proactively maintains appropriate safeguards and procedures to prevent, detect, respond to and manage cyber-security threats.

Commercial Relationships – The GTAA works with a number of parties at the Airport to deliver services to passengers, air carriers and others. These parties include government agencies, air carriers and third-party vendors. Should any of these parties fail to deliver services as required or in coordination with other partners, including the GTAA, the GTAA's ability to generate revenue or deliver desired service levels and value to its customers and stakeholders, will be impacted.

There is a risk of an air carrier reducing or ceasing operations at the Airport, which may result in a temporary decline in the GTAA's aviation activity and revenues until such time as replacement capacity is provided by existing or new air carriers. The GTAA maintains an effective credit and collections program, which mitigates the financial loss due to a defaulting airline.

Security – The federal government is responsible for passenger, baggage and cargo screening at the Airport. The GTAA is responsible for other aspects of security, including maintaining secure access to restricted areas of the Airport and policing. The GTAA discharges its security requirements in compliance with the regulations set out by the federal government. A major security event anywhere in the world or changes in security regulations could result in more stringent regulations that the GTAA would need to comply with, but which could increase security screening processes and wait times or impose additional costs on the GTAA, airlines and passengers.

Major Event – Any airport, including Toronto Pearson, is subject to the risk of a loss of confidence by air travellers as a result of a major event, such as an aircraft accident or terrorist attack at the Airport or elsewhere. This could lead to a temporary reduction in passenger demand, processing capacity and the GTAA's revenues.

Reputation – Any action or inaction by the GTAA, or any businesses or government agencies operating at the Airport may impair Toronto Pearson's image in the community or the public's confidence in the Airport, which could lead to a loss of revenue or additional expense to the GTAA should passenger traffic shift to another airport.

d) Industry Risk

The health of the air transportation industry and future airline traffic at the Airport give rise to a broad array of business and aviation risks that have the ability to slow or temporarily cease operations at the Airport and/or negatively affect passenger demand and, therefore, the GTAA's revenues. These risks, among others, include: population growth; unemployment rates; economic conditions; regulatory actions and legislative changes; international air transportation agreements; air carrier instability; the ability and willingness of airlines to provide air service; the increase in the cost of air fares, including taxes and surcharges; currency fluctuations; labour disputes; the availability and cost of aviation fuel; carbon emission charges, taxes and restrictions; insurance costs; environmental regulation; the operation of the air traffic control system; the use of telecommunications and ground transportation as alternatives to air travel; volcanic eruptions; health epidemics and related travel advisories; geopolitical risk; war; and terrorist attacks, the perceived threat of terrorist attacks and additional security measures put in place to guard against such attacks.

e) Laws and Regulations Risk

Airport operations are governed by federal, provincial and municipal regulations and standards. Changes in regulatory requirements by any level of government may have an impact on the GTAA's cost to operate the Airport or the achievement of its strategic goals. The GTAA's relationship with government agencies may affect its ability to influence positive change, deliver efficient and effective operations, and meet business goals.

f) People Risk

A failure by the GTAA to attract, develop and retain the right talent throughout the GTAA, while fostering a high-performance culture, may have an impact on the GTAA's ability to realize its strategic goals.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking information about the GTAA. This forward-looking information is based on a variety of assumptions and is subject to risks and uncertainties. There is significant risk that predictions, forecasts, conclusions and projections, which constitute forward-looking information, will not prove to be accurate, that the assumptions may not be correct and that actual results may vary from the forward-looking information. The GTAA cautions readers of this MD&A not to place undue reliance on the forward-looking information as a number of factors could cause actual results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking information.

Words such as "believe", "expect", "plan", "intend", "estimate", "anticipate" and similar expressions as well as future or conditional verbs such as "will", "should", "would" and "could" often identify forward-looking information. Specific forward-looking information in this MD&A includes, among others, statements regarding the following: the GTAA's infrastructure capacity and its ability to meet projected air travel demand; additional investment in the Airport; the GTAA's strategic framework; growth in domestic and international passenger traffic; the GTAA meeting growing demand for air travel through making optimum use of its existing facilities before investing in new infrastructure or facilities; future growth in Airport activity, including growth during 2016; the GTAA's capital borrowing requirements and program and its ability to access the capital markets; airline load factors and fleet mix; the GTAA's rate-setting methodology and its relationship to financial and corporate sustainability and debt levels and service costs; cash flows, working capital and liquidity, including cash flows over the five-year period beginning in 2016, the GTAA's ability to mitigate any working capital deficiency and no funding shortfalls in 2016; maintaining the GTAA's 2013 aeronautical fees in 2016; reductions in average air carriers' cost per enplaned passenger; the long-term aeronautical fee agreements entered into with Air Canada and WestJet; budgets and expenditures relating to capital programs and the funding of such programs; terminal, airside, infield and other capital developments at the Airport and the funding of the developments; the commencement of operations of facilities currently under construction at the Airport; the redemption or purchase of outstanding debt and associated savings in net interest and financing costs; the use of certain restricted reserve funds; and the funding of outstanding capital commitments.

The forward-looking information is based on a variety of material factors and assumptions including, but not limited to, the following: long-term growth in population, employment and personal income will provide the basis for increased aviation demand in the GTA; the Canadian, U.S. and global economies will recover and grow at expected levels; air carrier capacity will meet the demand for air travel in the GTA; the growth and sustainability of air carriers will contribute to aviation demand in the GTA; the GTA will continue to attract domestic and international travellers; the commercial aviation industry will not be significantly affected by terrorism or the threat of terrorism; the cost of enhancing aviation security will not overly burden air carriers, passengers, shippers or the GTAA; no significant event will occur that has an impact on the ordinary course of business, such as a natural disaster or other calamity; the GTAA will be able to access the capital markets at competitive terms and rates; and there are no significant cost over-runs or delays relating to capital programs. These assumptions are based on information currently available to the GTAA, including information obtained by the GTAA from third-party experts and analysts.

Risk factors that could cause actual results to differ materially from the results expressed or implied by forward-looking information include, among other things, continuing volatility in the economic recovery and future economic activity; high rates of unemployment and household debt; levels of aviation activity; air carrier instability; the availability of aviation liability and other insurance; the timing of recovery of receipt of insurance proceeds; construction risk; geopolitical unrest; terrorist attacks and the threat of terrorist attacks; war; health epidemics; labour disputes; capital market conditions; currency fluctuations; changes in laws; adverse amendments to the Ground Lease; the use of telecommunications and ground transportation as alternatives to air travel; the availability and cost of jet fuel; carbon emissions costs and restrictions; adverse regulatory developments or proceedings; environmental issues; lawsuits; and other risks detailed from time to time in the GTAA's publicly filed disclosure documents.

The forward-looking information contained in this MD&A represents expectations as of the date of this report and is subject to change. Except as required by applicable law, the GTAA disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information or future events or for any other reason.

Management's Responsibility for Financial Reporting

The financial statements of the Greater Toronto Airports Authority have been prepared by management and approved by the Board of Directors and the Members of the Greater Toronto Airports Authority. Management is responsible for the preparation and presentation of the information contained in these financial statements and other sections of this Annual Report. The Greater Toronto Airports Authority maintains appropriate systems of internal control, policies and procedures which provide management with reasonable assurance that assets are safeguarded and that financial records are reliable and form a proper basis for the preparation of financial statements.

The Greater Toronto Airports Authority's independent auditor, PricewaterhouseCoopers LLP, have been appointed by the Members of the Corporation to express their professional opinion on the fairness of these financial statements.

The Board of Directors ensures that management fulfills their responsibilities for financial reporting and internal controls through an Audit Committee, which is composed of five directors. This Committee reviews the financial statements and reports to the Board of Directors. The auditor has full and direct access to the Audit Committee.

HOWARD ENG
President and Chief Executive Officer

JILL SHARLAND
Vice President and Chief Financial Officer

Independent Auditor's Report

To the Board of Directors of the Greater Toronto Airports Authority

We have audited the accompanying financial statements of the Greater Toronto Airports Authority, which comprise the statements of financial position as at December 31, 2015 and December 31, 2014 and the statements of operations and comprehensive income (loss), changes in deficit and accumulated other comprehensive income (loss) 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 International Financial Reporting Standards, 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 from 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 judgment, 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 Greater Toronto Airports Authority as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
March 23, 2016

Statements of Financial Position

As at December 31 (in thousands of Canadian dollars)	**2015**	2014
	$	$
Assets		
Current Assets		
Cash and cash equivalents	**3,547**	9,038
Restricted funds (Note 6)	**95,405**	277,091
Restricted cash	**7,161**	3,033
Accounts receivable (Note 7)	**75,272**	54,736
Prepaids	**4,715**	8,301
Inventory	**7,065**	6,375
	193,165	358,574
Non-current Assets		
Restricted funds (Note 6)	**404,984**	527,761
Intangibles and other assets (Note 8)	**90,848**	92,781
Property and equipment (Note 9)	**5,193,604**	5,141,826
Post-employment benefit asset (Note 12)	**51,729**	37,023
	5,934,330	6,157,965
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 16)	**194,935**	122,406
Security deposits and deferred revenue	**73,264**	69,420
Current portion of deferred ground rent (Note 1)	**–**	4,156
Current portion of long-term debt (Note 10)	**435,825**	441,391
	704,024	637,373
Non-current Liabilities		
Deferred credit (Note 8)	**22,205**	24,407
Post-employment benefit liabilities (Note 12)	**16,922**	17,266
Long-term debt (Note 10)	**5,858,379**	6,223,836
	6,601,530	6,902,882
Deficit and Accumulated Other Comprehensive Loss (Notes 1 and 18)	**(667,200)**	(744,917)
	5,934,330	6,157,965

Commitments and contingent liabilities (Note 14)
Subsequent events (Note 19)

The accompanying notes are an integral part of these financial statements.

Signed on Behalf of the Board

W. DAVID WILSON
Director

Signed on Behalf of the Board

BRIAN P. HERNER
Director

Statements of Operations and Comprehensive Income (Loss)

Years Ended December 31 (in thousands of Canadian dollars)	**2015**	2014
	$	$
Revenues		
Landing fees	**281,921**	292,466
General terminal charges	**193,792**	189,074
Airport improvement fees	**353,687**	331,910
Car parking and ground transportation	**157,070**	149,473
Concessions	**107,903**	99,294
Rentals	**92,822**	87,289
Other	**13,445**	4,023
	1,200,640	1,153,529
Operating Expenses		
Ground rent (Note 1)	**128,007**	133,006
Goods and services (Note 17)	**240,384**	216,370
Salaries, wages and benefits	**141,612**	125,712
Payments-in-lieu of real property taxes	**31,921**	30,401
Amortization of property and equipment and investment property (Note 9)	**233,485**	224,567
Amortization of intangible assets (Note 8)	**1,518**	1,720
	776,927	731,776
Earnings before interest and financing costs, net	**423,713**	421,753
Interest income	**5,576**	10,522
Interest expense on debt instruments and other financing costs	**(363,384)**	(389,611)
Early retirement of debt charge	**–**	(102,308)
Interest and financing costs, net (Note 10)	**(357,808)**	(481,397)
Net Income (Loss)	**65,905**	(59,644)
Items that may be reclassified subsequently to Net Income (Loss):		
Amortization of terminated hedges and interest rate swap	**768**	768
Loss on cash flow hedge	**(1,773)**	–
Items that may not be reclassified subsequently to Net Income (Loss):		
Pension remeasurements (Note 12)	**12,817**	(6,664)
Other Comprehensive Income (Loss)	**11,812**	(5,896)
Total Comprehensive Income (Loss)	**77,717**	(65,540)

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Deficit and Accumulated Other Comprehensive Income (Loss)

Year Ended December 31, 2015 (in thousands of Canadian dollars)	**Deficit**	**Accumulated Other Comprehensive Income (Loss)**	**Total**
	$	**$**	**$**
Balance, January 1, 2015	**(731,737)**	**(13,180)**	**(744,917)**
Net Income	**65,905**	**–**	**65,905**
Amortization of terminated hedges and interest rate swap	**–**	**768**	**768**
Loss on cash flow hedge	**–**	**(1,773)**	**(1,773)**
Pension remeasurements	**12,817**	**–**	**12,817**
Total Comprehensive Income (Loss) for the year	**78,722**	**(1,005)**	**77,717**
Balance, December 31, 2015	**(653,015)**	**(14,185)**	**(667,200)**

Year Ended December 31, 2014 (in thousands of Canadian dollars)	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	$	$	$
Balance, January 1, 2014	(665,429)	(13,948)	(679,377)
Net Loss	(59,644)	–	(59,644)
Amortization of terminated hedges and interest rate swap	–	768	768
Pension remeasurements	(6,664)	–	(6,664)
Total Comprehensive (Loss) Income for the year	(66,308)	768	(65,540)
Balance, December 31, 2014	(731,737)	(13,180)	(744,917)

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Years Ended December 31 (in thousands of Canadian dollars)	**2015**	2014
	$	$
Cash Flows from (Used in) Operating Activities		
Net Income (Loss)	**65,905**	(59,644)
Adjustments for:		
Amortization of property and equipment and investment property	**233,485**	224,567
Amortization of intangibles and other assets	**2,961**	3,163
Net loss on disposal of property and equipment and intangible assets	**1,790**	2,874
Change in fair value of derivative	**–**	(8,914)
Derivative cash receipts	**515**	5,839
Post-employment benefit plans	**(2,233)**	(3,518)
Interest expense on debt instruments and capitalized interest	**359,583**	385,894
Early retirement of debt charge	**–**	102,308
Amortization of terminated hedges and interest rate swap	**768**	768
Amortization of deferred credit	**(2,202)**	(2,202)
Net change in insurance recovery	**(4,309)**	7,561
Amortization of Clean Energy Supply Contract	**4,029**	–
Changes in non-cash working capital:		
Accounts receivable	**(20,870)**	(6,990)
Prepaids	**(1,050)**	1,732
Inventory	**(690)**	172
Accounts payable and accrued liabilities	**18,232**	22,058
Security deposits and deferred revenue	**3,844**	(5,476)
	659,758	670,192
Cash Flows from (used in) Investing Activities		
Acquisition and construction of property and equipment, investment property and intangible assets	**(228,395)**	(122,041)
Proceeds on disposal of property and equipment	**1,158**	215
Decrease in restricted funds	**304,463**	258,765
	77,226	136,939
Cash Flows Used in Financing Activities		
Repayment of medium term notes and long-term debt	**(369,019)**	(417,463)
Interest and early retirement of debt charge paid	**(369,300)**	(494,852)
Payment of deferred ground rent payable	**(4,156)**	(4,156)
	(742,475)	(916,471)
Net Cash Outflow	**(5,491)**	(109,340)
Cash and Cash Equivalents, Beginning of Year	**9,038**	118,378
Cash and Cash Equivalents, End of Year	**3,547**	9,038

As at December 31, 2015, cash and cash equivalents consisted of short-term investments of $nil (December 31, 2014 – $2.5 million), cash of $5.7 million (December 31, 2014 – $8.9 million) less outstanding cheques of $2.2 million (December 31, 2014 – $2.4 million).

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

December 31, 2015 and 2014
(Unless otherwise stated, all amounts are in thousands of Canadian dollars)

1. GENERAL INFORMATION

The Greater Toronto Airports Authority (the "GTAA") was incorporated on March 3, 1993, under Part II of the *Canada Corporations Act* as a corporation without share capital. Effective February 27, 2014, the GTAA transitioned to the *Canada Not-for-profit Corporations Act*, the successor legislation to Part II of the *Canada Corporations Act*. This corporate structure ensures that the excess of revenues over expenses is retained and reinvested in the Airport and Airport operations under control of the GTAA.

The GTAA is authorized to develop, manage and operate airports within the south-central Ontario region, including the Greater Toronto Area, on a commercial basis, to set fees for their use and to develop and improve the facilities. In accordance with this mandate, the GTAA manages and operates Toronto Pearson International Airport (the "Airport"). Under the terms of a ground lease, the Airport was transferred to the GTAA in 1996. The Airport operates on land, which includes Terminals 1 and 3; airside assets, including five runways, taxiways and aprons; groundside assets, including bridges and parking lots; infield assets, including an aircraft deicing facility and cargo buildings; and ancillary structures. Excluded are any assets owned by NAV CANADA, the operator of Canada's civil air navigation system.

The GTAA is committed to the continuing development of the Airport. This includes continued redevelopment of the terminals, increasing airside capacity, increasing cargo and aircraft facilities, and maintaining the roadway system.

The GTAA's registered office and principal place of business is located at 3111 Convair Drive, Mississauga, Ontario, Canada.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), which the Canadian Accounting Standards Board has approved for incorporation into Part I of the Handbook for the Chartered Professional Accountants of Canada. These financial statements were approved by the Board of Directors on March 23, 2016.

In applying the GTAA's accounting policies, as described in Note 3, Significant Accounting Policies, Management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5, Critical Accounting Judgements and Key Sources of Estimation Uncertainty.

The GTAA's operations can be affected by seasonal fluctuations due to changes in customer travel demands associated with holiday periods and other seasonal factors. This seasonality could impact quarter-over-quarter comparisons, the busiest quarter being the third quarter and the slowest one being the first quarter.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are described below.

Basis of Measurement

The financial statements have been prepared on a going-concern basis under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities measured at fair value, including derivative instruments and available-for-sale investments.

Segment Reporting

The GTAA consists of one reportable operating segment as defined under IFRS 8, *Operating Segments*.

Foreign Currency Translation

The financial statements are presented in Canadian dollars, which is the GTAA's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the GTAA's functional currency are recognized in the statements of operations and comprehensive income (loss).

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term, highly liquid investments with remaining terms to maturity of three months or less.

Inventory

Inventory consists of natural gas and parts and supplies held for use at the Airport. Inventory is stated at the lower of cost and net realizable value. Cost of natural gas is determined using the first-in, first-out method. Cost of parts and supplies is determined using the weighted-average cost method. Net realizable value is the estimated replacement cost.

Financial Instruments

Financial assets and liabilities are recognized when the GTAA becomes a party to the contractual provisions of the instrument on the trade date. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the GTAA has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

At initial recognition, the GTAA classifies its financial instruments in the following categories, depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Derivatives are also included in this category unless they are designated as hedges. The derivative instrument held by the GTAA classified in this category until January 1, 2015 was the Independent Electricity System Operator ("IESO") derivative (formerly Ontario Power Authority) (see Note 8, Intangibles and Other Assets).

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of operations and comprehensive income (loss) when incurred. Gains and losses arising from changes in fair value are presented in the statement of operations and comprehensive income (loss) within goods and services expense in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond 12 months of the statements of financial position date, which is classified as non-current.

(ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The GTAA's available-for-sale assets comprise investments in eligible short-term financial assets within restricted funds (see Note 6, Restricted Funds).

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income (loss).

Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statements of operations and comprehensive income (loss) as part of interest income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income (loss) to the statements of operations and comprehensive income (loss) and included in interest and financing costs.

(iii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The GTAA's loans and receivables are composed of cash and cash equivalents, restricted cash and accounts receivable, and are included in current assets due to their short-term nature.

Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value.

(iv) Financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable and accrued liabilities, provisions, security deposits and long-term debt. These items are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, these items are measured at amortized cost using the effective interest method. Long-term debt is recognized initially at fair value, net of any transaction costs incurred and discount/premiums, and subsequently recorded at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payments are due within 12 months. Otherwise, they are presented as non-current liabilities on the statement of financial position.

(v) Derivative financial instruments: Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the items being hedged.

Derivative financial instruments, including interest rate swaps, bond forwards, cash flow hedges and foreign exchange hedges, may be used from time to time to reduce exposure to fluctuations in interest rates and foreign exchange rates.

Payments and receipts under interest rate swap agreements will be recognized as adjustments to interest and financing costs on the statements of operations and comprehensive income (loss) where the underlying instrument is a GTAA debt issue and as adjustments to interest income where the underlying instrument is an investment. Derivative financial instruments that are not designed by the GTAA to be in an effective hedging relationship are carried at fair value with the changes in fair value, including any payments and receipts made or received, being recorded in interest and financing costs on the statements of operations and comprehensive income (loss).

As at December 31, 2015, the GTAA had one derivative instrument outstanding that has been designated as a hedge (see Note 15, Financial Instruments). In addition, certain gains and losses relating to terminated hedging instruments are being amortized to the statements of operations and comprehensive income (loss) over the term to maturity of the previously hedged item.

Derivatives embedded in other financial instruments or contracts are separated from their host contracts and accounted for as derivatives when their economic characteristics and risks are not closely related to those of the host contract, when the terms of the embedded derivative are the same as those of a free-standing derivative, and when the combined instrument or contract is not measured at fair value, with changes in fair value recognized in interest and financing costs on the statements of operations and comprehensive income (loss).

Impairment of Financial Assets

At each reporting date, the GTAA assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the GTAA recognizes an impairment loss.

Impairment of Non-financial Assets

Property and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value in use (being the present value of the expected future cash flows of the relevant asset or cash-generating unit). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The GTAA evaluates impairment by examining long-lived assets for impairment indicators and examines any prior-period impairment losses for potential reversals when events or circumstances warrant such consideration.

Leases

Operating lease payments are recognized as an expense on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Ground Lease is accounted for as an operating lease (see Note 11, Leases).

Intangibles and Other Assets

As required under the terms of the Ground Lease, the title of any land acquired is transferred to the federal government, while the GTAA retains use of the land. The purchase price for acquired land is recorded as land acquisition costs on the statement of financial position and amortized on a straight-line basis over the remaining term of the Ground Lease in ground rent expense on the statement of operations and comprehensive income (loss).

Computer software costs are capitalized and amortized on a straight-line basis in amortization of intangible assets on the statements of operations and comprehensive income (loss) over the period of their expected useful lives, which range from three to 20 years.

Deferred leasehold inducements are capitalized and amortized on a straight-line basis over the term of the respective lease. Amortization is netted against concessions revenue on the statements of operations and comprehensive income (loss).

These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Property and Equipment

Property and equipment are recorded at cost less accumulated amortization and include items such as improvements to leased land, runways, buildings and roadways. These assets will revert to Transport Canada upon the expiration or termination of the Ground Lease. No amounts are amortized longer than the lease term plus one renewal option.

Property and equipment are amortized at the following annual rates:

Buildings and structures ("Terminal and Airside assets")	Straight-line over four to 60 years
Bridges and approach systems ("Terminal and Airside assets")	Straight-line over 10 to 25 years
Baggage handling systems	Straight-line over 18 to 25 years
Improvements to leased land	Straight-line over the remaining term of the Ground Lease
Runways and taxiways ("Terminal and Airside assets")	Straight-line over 10 to 40 years
Airport operating assets	Straight-line over three to 40 years

The GTAA allocates the amount initially recognized with respect to an item of property and equipment to its significant parts and amortizes separately each such part. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of goods and services expense in the statements of operations and comprehensive income (loss).

Assets under construction are transferred to property and equipment when the asset is available for use, and amortization commences at that time.

Borrowing Costs

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

Investment Property

Investment property is property held to earn rental income and is stated at historical cost less accumulated amortization and any recognized impairment loss. The fair value of investment property is estimated annually by using a discounted cash flow projection model.

Amortization on investment property assets is calculated using the straight-line method to allocate an asset's cost over its estimated useful life. Amortization rates for each significant component range from 15 to 50 years.

Investment property is derecognized either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statements of operations and comprehensive income (loss) in the period of derecognition. Transfers are made to or from the investment property category only when there is a change in use.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits will flow to the GTAA and delivery has occurred, when the sales price is fixed or determinable, stated net of discounts and value added taxes, and when collectability is reasonably assured.

Landing fees, general terminal charges and car parking revenues are recognized as Airport facilities are utilized. Airport Improvement Fees ("AIF") are accrued upon the enplanement of the passenger. AIF revenue is remitted to the GTAA based on airlines self-assessing their passenger counts. An annual reconciliation is performed by the GTAA with air carriers. Concessions revenue is earned on a monthly basis and is recognized based on a percentage of sales or specified minimum rent guarantees. Ground transportation revenue is recognized based on a combination of the duration of the term of the licences and permits, and utilization fees. Rentals revenue is recognized straight-line over the duration of the respective agreements.

Post-employment Benefit Obligations

The GTAA maintains defined benefit pension plans, defined contribution pension plans and other post-employment benefit plans for its employees. The cost of defined contribution pension plans is charged to expense as they are earned by employees. The cost of defined benefit plans and other post-employment benefit plans is determined using the projected unit credit method. The related pension asset/liability recognized in the statements of financial position is the present value of the defined benefit obligation as at the statement of financial position date less the fair value of plan assets. The present value of the defined benefit obligation 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 valuations for defined benefit plans are carried out at each statements of financial position date.

Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income (loss) without recycling to the statements of operations and comprehensive income (loss) in subsequent periods.

Past service costs are recognized in net income (loss) when incurred.

For funded plans, surpluses are recognized only to the extent that the surplus is considered recoverable. Recoverability is based primarily on the extent to which the GTAA can unilaterally reduce future contributions to the plan.

Provisions

Provisions are recognized when the GTAA has a present obligation (legal or constructive) as a result of a past event, when it is more likely than not that the GTAA will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

Deferred Financing Costs

Deferred financing costs (except for line of credit fees) and debt issuance premiums or discounts are included in debt balances and recognized as an adjustment to interest expense over the life of the debt. The GTAA uses the effective interest method to recognize bond interest expense.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

For the year ended December 31, 2015, $21.1 million was reclassified from the comparative investment property to property and equipment and $10.7 million was reclassified from the comparative provisions to accounts payable and accrued liabilities on the statements of financial position.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The GTAA has adopted the following new and revised standards effective January 1, 2015. These changes were made in accordance with the applicable transitional provisions.

a) Amendments to IAS 19, *Employee Benefits*:

This standard was amended to clarify the application of IAS 19 to plans that require employees or third parties to contribute toward the cost of benefits. The GTAA has adopted the amendments to IAS 19 effective January 1, 2015. The adoption of the amendments to IAS 19 did not have an impact on the financial statements.

b) Amendment to IAS 24, *Related Party Transactions*:

This standard was amended to revise the definition of "related party" to include an entity that provides key management personnel services to the reporting entity or its parent and clarify related disclosure requirements. The GTAA has adopted the amendment to IAS 24 effective January 1, 2015. The adoption of the amendment to IAS 24 did not have an impact on the financial statements.

Accounting Standards Issued but Not Yet Applied

a) Amendment to IAS 1, *Presentation of Financial Statements*:

This standard was amended to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment is required for years beginning on or after January 1, 2016. The adoption of the amendment to IAS 1 will not have an impact on the financial statements.

b) Amendments to IFRS 7, *Financial Instruments: Disclosure*:

This standard was amended to provide guidance on whether an arrangement to service a financial asset that has been transferred constitutes continuing involvement and to clarify that additional disclosure required by the amendments is not specifically required for interim periods, unless required by IAS 34. The amendment is required for years beginning on or after January 1, 2016. The adoption of the amendment to IFRS 7 will not have an impact on the financial statements.

c) Amendment to IAS 19, *Employee Benefits*:

The amendment to the standard clarifies guidance on discount rates for post-employment benefit obligations. The amendment is effective for years beginning on or after January 1, 2016. The adoption of the amendment to IAS 19 will not have an impact on the financial statements.

d) Amendment to IAS 34, *Interim Financial Reporting*:

The amendment clarifies what is meant by the reference in the standard to information disclosed elsewhere in the interim financial report. The amendment to the standard is effective for years beginning on or after January 1, 2016. The adoption of the amendment to IAS 34 will not have an impact on the financial statements.

e) Amendments to IAS 16, *Property, Plant and Equipment and IAS 38, Intangible Assets*:

These standards are amended to clarify that the use of a revenue-based amortization method is not appropriate, and provide a rebuttable presumption for intangible assets. The amendments are effective for years beginning on or after January 1, 2016. The adoption of amendments to IAS 16 and IAS 38 will not have an impact on the financial statements.

f) IFRS 15, *Revenue from Contracts with Customers*:

This is a new standard on revenue recognition, superseding IAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations. IFRS 15 specifies how and when an entity will recognize revenue and also requires such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles-based, five-step model to be applied to all contracts with customers. The standard is effective for years beginning on or after January 1, 2018. The GTAA is currently evaluating the impact of the standard on the financial statements.

g) IFRS 9, *Financial Instruments*:

This standard will replace the current IAS 39. The standard introduces new requirements for classifying and measuring financial assets and liabilities and a new model for general hedge accounting. The standard is effective for years beginning on or after January 1, 2018. The GTAA has not yet assessed the impact of the standard.

h) Amendments to IFRS 7, *Financial Instruments: Disclosure*:

This standard was amended to provide guidance on additional disclosures on transition from IAS 39 to IFRS 9. The amendments are effective on adoption of IFRS 9. The GTAA has not yet assessed the impact of the standard.

i) Amendments to IFRS 16, *Leases*:

This standard was issued in January 2016 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers* at or before the date of initial application of IFRS 16. The GTAA has not yet assessed the impact of the standard.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the GTAA's accounting policies, which are described in Note 3, Significant Accounting Policies, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical Judgements in Applying Accounting Policies

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

Property and Equipment, Intangibles and Investment Property

Critical judgements are utilized in determining amortization rates and useful lives of these assets and whether impairments are necessary in accordance with Note 3, Significant Accounting Policies.

IFRIC 12, *Service Concession Arrangements*

Management has concluded that it does not fall within the scope of IFRIC 12, *Service Concession Arrangements*, given the current structure of the GTAA's arrangements with Transport Canada, whereby the GTAA is not controlled by a single government.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year.

Post-employment Benefit Obligations

The GTAA accounts for pension and other post-retirement benefits through the use of actuarial valuations. These valuations rely on statistical and other factors in order to anticipate future events. These factors include key actuarial assumptions, including discount rates, expected salary increases and mortality rates. Actual results may differ from results that are estimated based on assumptions. Additional information is disclosed in Note 12, Post-employment Benefit Obligations.

Cash Flow Hedge

The fair value of the cash flow hedge is estimated using inputs, including spot and forward prices, interest rates and historical volatilities. These inputs are subject to change on a regular basis based on the interplay of various market forces. Consequently, the fair value of the GTAA's cash flow hedges are subject to regular changes in fair value each reporting period.

6. RESTRICTED FUNDS

Restricted funds consist of certain funds, the use of which is directed by the Master Trust Indenture ("Trust Indenture") or Medium Term Note ("MTN") offering documents, and which consist of the Debt Service Fund and Debt Service Reserve Fund (the "Trust Funds") and Operations, Capital and Financing Funds. These funds are invested in cash or eligible short-term financial assets with less than one year to maturity as follows:

As at December 31	**2015**	2014
	$	$
Debt Service Fund		
Principal	**13,378**	12,436
Interest	**65,374**	66,856
	78,752	79,292
Debt Service Reserve Funds		
Revenue Bonds		
Series 1997–3 due December 3, 2027	**37,261**	36,955
Series 1999–1 due July 30, 2029	**40,618**	40,291
Medium Term Notes		
Series 2000–1 due June 12, 2030	**39,068**	38,774
Series 2001–1 due June 4, 2031	**35,489**	35,214
Series 2002–3 due October 15, 2032	**38,762**	38,439
Series 2004–1 due February 2, 2034	**39,193**	38,896
Series 2005–1 due June 1, 2015	**–**	17,620
Series 2005–3 due February 15, 2016	**16,653**	16,517
Series 2007–1 due June 1, 2017	**22,130**	21,957
Series 2008–1 due April 17, 2018	**26,621**	26,406
Series 2009–1 due November 20, 2019	**36,133**	35,856
Series 2010–1 due June 7, 2040	**22,847**	22,663
Series 2011–1 due February 25, 2041	**32,267**	32,008
Series 2011–2 due December 2, 2041	**18,360**	18,226
Series 2012–1 due September 21, 2022	**12,263**	12,174
Security for Bank Indebtedness		
Series 1997–B Pledge Bond	**3,972**	3,938
	421,637	435,934
Operations, Capital and Financing Funds		
Operating and Maintenance Reserve Fund	**–**	66,032
Renewal and Replacement Reserve Fund	**–**	3,025
Airport Improvement Fee Reserve Fund	**–**	142,067
Notional Principal Fund	**–**	38,112
Debt Service Coverage Fund	**–**	40,390
	–	289,626
	500,389	804,852
Less: Current portion	**(95,405)**	(277,091)
	404,984	527,761

During 2015, the GTAA has utilized the funds in the AIF Reserve Fund, the Notional Principal Fund, the Operating and Maintenance Reserve Fund, the Debt Service Coverage Fund, the Renewal and Replacement Reserve Fund, the Debt Service Fund and the Debt Service Reserve Fund in respect of Series 2005–1 MTNs to redeem the maturity of this Series on June 1, 2015. In accordance with the provisions of the Trust Indenture, the cash balances in the Operating and Maintenance Reserve Fund and the Renewal and Replacement Reserve Fund have been replaced with two letters of credit in the amount of $65.0 million and $3.0 million, respectively.

As at December 31, restricted funds consisted of the following:

	2015	2014
	$	$
Cash	96	330
Bankers' Acceptance and Bearer Deposit Notes	363,925	440,120
Provincial Treasury Bills and Promissory Notes	136,368	364,402
	500,389	804,852

Trust Funds

The GTAA is required to establish and maintain with the Trustee the Trust Funds in accordance with the terms of the Trust Indenture (see Note 10, Credit Facility and Long-Term Debt). The Trust Funds are held for the benefit of the bondholders and noteholders for use and application by the Trustee in accordance with the terms of the Trust Indenture.

(i) Debt Service Fund (Principal and Interest)

Amounts in the Debt Service Fund are allocated to either a Principal Account or an Interest Account. On a monthly basis, the GTAA is required to deposit into the Principal Account an amount equal to one-twelfth of the total principal amount included in annual debt service, during the term, for any bonds or notes due in such year. During 2015, the principal requirements of the Debt Service Fund were funded through cash flows from operations. The fund balance as of December 31, 2015 was $13.4 million (December 31, 2014 – $12.4 million). Amounts in the Debt Service Fund are disbursed by the Trustee to pay interest and principal as they become due.

During 2015, principal of $22.5 million (December 31, 2014 – $13.4 million) was paid from the Principal Account of the Debt Service Fund, and $23.5 million was deposited and/or allocated to the fund by the GTAA for the principal of the Series 1999–1 and MTNs (December 31, 2014 – $19.6 million).

Also, on a monthly basis, the GTAA is required to deposit into the Interest Account an amount equal to one-sixth of the semi-annual aggregate interest requirement due on all outstanding bonds and MTNs. The fund balance as of December 31, 2015, was $65.4 million (December 31, 2014 – $66.9 million).

(ii) Debt Service Reserve Funds

To the extent provided in any supplemental indenture, the GTAA is required to set aside funds in the Debt Service Reserve Fund for each series of bond or MTNs. The required amount is established at the time of issue of each series of bond or MTNs and is funded from the proceeds of each issue. Amounts held in the Debt Service Reserve Fund are held by the Trustee for the benefit of the bondholders or noteholders for use and application in accordance with the terms of the Trust Indenture.

At the maturity of each series of bond or MTNs, funds not applied by the Trustee will be returned to the GTAA.

Included among these Trust Funds is a Debt Service Reserve Fund related to the $1.35 billion pledge bond (Series 1997–B) securing the credit facility.

The minimum required balance is adjusted annually based on the prevailing bankers' acceptance rate plus applicable margin. At the maturity or cancellation of this series of bonds, funds not applied by the Trustee will be returned to the GTAA.

Operations, Capital and Financing Funds

The GTAA has established an Operating and Maintenance Reserve Fund and a Renewal and Replacement Reserve Fund pursuant to the Trust Indenture. In accordance with the provisions of the Trust Indenture, during 2015, the cash balances in the Operating and Maintenance Reserve Fund and the Renewal and Replacement Reserve Fund were replaced by two letters of credit issued under the Letter of Credit facility in the amount of $65.0 million and $3.0 million, respectively. The Operating and Maintenance Reserve Fund is calculated as one-sixth of the projected operating and maintenance expenses estimated for the following fiscal year. As at December 31, 2015, this fund was secured by a letter of credit of $65.0 million (December 31, 2014 – restricted balance of $66.0 million). This amount is to be used only for operating and maintenance expenses or other purposes as required for the safe, ongoing operation and maintenance of the Airport as set out in the Trust Indenture. The Renewal and Replacement Reserve Fund secured by a letter of credit of $3.0 million (December 31, 2014 – restricted balance of $3.0 million) is to be used for unanticipated repairs to, or the replacement of, property and equipment as set out in the Trust Indenture.

In conjunction with the AIF agreements with participating airlines, the GTAA has established an AIF Reserve Fund for the deposit of fees collected and not yet utilized. As at December 31, 2015, this fund had an accumulated balance of $nil (December 31, 2014 – $142.1 million). During 2015, $494.7 million (December 31, 2014 – $396.1 million) of accumulated AIF Reserve funds were utilized for certain debt service payments and capital projects.

Capital and Financing Funds include Notional Principal and Debt Service Coverage Funds, which are amounts that have been collected through airline rates and charges.

The Notional Principal Fund may be used to reduce future debt obligations, when principal is due for any series of bond or MTNs. For non-amortizing debt, principal is deemed to be included in annual debt service, based on a 30-year amortization, commencing on the same date as interest is expensed. As at December 31, 2015, the balance in the Notional Principal Fund was $nil (December 31, 2014 – $38.1 million). The Debt Service Coverage Fund is established to meet the coverage requirements set out in the Trust Indenture and, as at December 31, 2015, had a balance of $nil (December 31, 2014 – $40.4 million).

7. ACCOUNTS RECEIVABLE

As at December 31	**2015**	2014
	$	$
Trade accounts receivable	**59,954**	45,782
Less: Allowance for doubtful accounts	**(357)**	(432)
Trade accounts receivable, net	**59,597**	45,350
Other receivables	**15,675**	9,386
Total accounts receivable	**75,272**	54,736

Included in other receivables are $nil (December 31, 2014 – $0.5 million) due from IESO and $8.3 million due from Canadian Air Transportation Security Authority (December 31, 2014 – $4.3 million), both related parties (see Note 13, Related Party Transactions and Balances). No provision has been made against these receivables.

8. INTANGIBLES AND OTHER ASSETS

			December 31, 2015
	Cost	**Accumulated Amortization**	**Net Book Value**
	$	**$**	**$**
Deferred leasehold inducements	**6,107**	**(5,606)**	**501**
Land acquisition costs	**50,763**	**(7,069)**	**43,694**
Computer software	**12,026**	**(5,999)**	**6,027**
	68,896	**(18,674)**	**50,222**
Clean Energy Supply contract (“CES Contract”)			**40,626**
			90,848

			December 31, 2014
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Deferred leasehold inducements	6,107	(5,231)	876
Land acquisition costs	50,763	(6,001)	44,762
Computer software	11,986	(4,862)	7,124
	68,856	(16,094)	52,762
Fair value of the IESO derivative (Note 15)			44,655
			97,417
Less: Current portion of fair value of the IESO derivative			(4,636)
			92,781

The aggregate amortization expense with respect to deferred leasehold inducements for 2015 was $0.4 million (2014 – $0.4 million) and is netted against concessions revenue on the statement of operations and comprehensive income (loss).

The aggregate amortization expense with respect to land acquisition costs for 2015 was $1.1 million (2014 – $1.1 million) and is included in ground rent expense on the statement of operations and comprehensive income (loss).

A reconciliation of the carrying amount of intangible asset costs is as follows:

	Land Acquisition Costs	Computer Software	Total
	$	**$**	**$**
Balance, January 1, 2015	**44,762**	**7,124**	**51,886**
Additions	**–**	**447**	**447**
Amortization expense	**(1,068)**	**(1,544)**	**(2,612)**
Balance, December 31, 2015	**43,694**	**6,027**	**49,721**
Balance, January 1, 2014	45,830	6,438	52,268
Additions	–	2,406	2,406
Amortization expense	(1,068)	(1,720)	(2,788)
Balance, December 31, 2014	44,762	7,124	51,886

During the year, computer software with a net book value of $nil and a cost of $0.4 million was retired (December 31, 2014 – net book value of $nil and a cost of $2.6 million was retired).

On February 1, 2006, the GTAA entered into the CES Contract with IESO (formerly the Ontario Power Authority), pursuant to which the GTAA is obligated to have 90 MW of electrical energy available to the Ontario power grid. The term of the CES Contract is for 20 years, subject to early termination rights available to the GTAA. The contract allows for payments by either party, depending on whether net electricity market revenues that the GTAA is deemed to have earned are greater or less than a predetermined threshold, as defined in the CES Contract.

On January 1, 2015, the Ontario Power Authority ("OPA") merged with the IESO into a new organization called the IESO. As a result, the CES Contract, which guarantees a portion of cost recovery for the GTAA's Cogeneration Plant meets the definition of an own use contract and does not require fair value accounting effective January 1, 2015.

The carrying value of the CES Contract of $44.6 million at January 1, 2015 will be amortized on a straight-line basis over the remaining 11-year term. The amortization expense with respect to the CES Contract value for 2015 was $4.0 million (2014 – $nil) and is included in the goods and services expense in the statements of operation and comprehensive income (loss).

The GTAA also recorded a deferred credit of $44.0 million, which is being amortized on a straight-line basis, over the term of 20 years. The unamortized balance at December 31, 2015 was $22.2 million (December 31, 2014 – $24.4 million). During 2015, the reduction of the unamortized liability of $2.2 million (December 31, 2014 – $2.2 million) was recorded as a reduction to goods and services expense on the statements of operations and comprehensive income (loss).

9. PROPERTY AND EQUIPMENT

Property and equipment are composed of:

								December 31, 2015
	Terminal and Airside Assets	**Investment Property**	**Baggage Handling Systems**	**Improvements to Leased Land**	**Runways and Taxiways**	**Airport Operating Assets**	**Assets under Construction**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Cost								
Balance, beginning of year	**6,058,591**	**26,085**	**294,182**	**9,480**	**458,029**	**562,815**	**141,600**	**7,550,782**
Additions	**345**	**–**	**–**	**–**	**–**	**–**	**287,842**	**288,187**
Disposals	**(2,890)**	**–**	**–**	**–**	**–**	**(17,507)**	**–**	**(20,397)**
Transfers	**110,899**	**–**	**5,309**	**–**	**16,757**	**74,440**	**(207,405)**	**–**
Balance, end of year	**6,166,945**	**26,085**	**299,491**	**9,480**	**474,786**	**619,748**	**222,037**	**7,818,572**
Accumulated amortization								
Balance, beginning of year	**1,846,425**	**4,895**	**148,010**	**2,852**	**141,888**	**264,886**	**–**	**2,408,956**
Amortization expense	**157,442**	**717**	**12,730**	**158**	**16,268**	**46,170**	**–**	**233,485**
Disposals	**(1,369)**	**–**	**–**	**–**	**–**	**(16,079)**	**–**	**(17,448)**
Transfers	**–**	**–**	**–**	**–**	**–**	**(25)**	**–**	**(25)**
Balance, end of year	**2,002,498**	**5,612**	**160,740**	**3,010**	**158,156**	**294,952**	**–**	**2,624,968**
Net book value, end of year	**4,164,447**	**20,473**	**138,751**	**6,470**	**316,630**	**324,796**	**222,037**	**5,193,604**

								December 31, 2014
	Terminal and Airside Assets	Investment Property	Baggage Handling Systems	Improvements to Leased Land	Runways and Taxiways	Airport Operating Assets	Assets under Construction	Total
	$	$	$	$	$	$	$	$
Cost								
Balance, beginning of year	6,057,935	26,085	294,115	9,480	442,391	583,971	78,421	7,492,398
Additions	337	–	–	–	–	–	142,921	143,258
Disposals	(18,564)	–	–	–	–	(66,310)	–	(84,874)
Transfers	18,883	–	67	–	15,638	45,154	(79,742)	–
Balance, end of year	6,058,591	26,085	294,182	9,480	458,029	562,815	141,600	7,550,782
Accumulated amortization								
Balance, beginning of year	1,706,944	4,178	135,290	2,680	126,581	290,499	–	2,266,172
Amortization expense	155,078	717	12,720	172	15,305	40,575	–	224,567
Disposals	(15,600)	–	–	–	–	(66,183)	–	(81,783)
Transfers	3	–	–	–	2	(5)	–	–
Balance, end of year	1,846,425	4,895	148,010	2,852	141,888	264,886	–	2,408,956
Net book value, end of year	4,212,166	21,190	146,172	6,628	316,141	297,929	141,600	5,141,826

As at December 31, 2015, $222.0 million (December 31, 2014 – $141.6 million) of property and equipment was under construction and not yet subject to amortization. Included in this amount is $4.4 million (December 31, 2014 – $2.3 million) of capitalized interest. During the year, borrowing costs were capitalized at the rate of 5.7 per cent, which represents the weighted-average rate of the GTAA's general borrowings (2014 – 5.7 per cent).

Investment property represents flight simulator facilities owned by the GTAA and leased to third parties.

The fair value of investment property at December 31, 2015 was estimated to be $40.2 million (December 31, 2014 – $35.7 million). The fair value is within Level 3 of the fair value hierarchy.

10. CREDIT FACILITY AND LONG-TERM DEBT

During 2015, the GTAA redeemed the 2005–1 MTNs with a face value of $350 million by utilizing some of the reserve funds (see Note 6, Restricted Funds) and cash flow from operations and by obtaining a banker's acceptance loan of $27.0 million, which was fully repaid during the third quarter. Long-term debt, including accrued interest, net of unamortized discounts and premiums, consists of:

Series	Coupon Rate	Maturity Date	Principal Amount	**2015**	2014
Revenue Bonds			$	**$**	$
1997–3	6.45%	December 3, 2027	321,500	**319,581**	319,409
1999–1	6.45%	July 30, 2029	328,321	**335,054**	349,453
Medium Term Notes					
2000–1	7.05%	June 12, 2030	526,550	**526,969**	526,940
2001–1	7.10%	June 4, 2031	492,150	**490,678**	490,564
2002–3	6.98%	October 15, 2032	468,960	**475,407**	475,424
2004–1	6.47%	February 2, 2034	567,428	**576,956**	576,831
2005–1	5.00%	June 1, 2015	350,000	**–**	351,159
2005–3	4.70%	February 15, 2016	350,000	**356,082**	355,687
2007–1	4.85%	June 1, 2017	415,870	**416,842**	416,417
2008–1	5.26%	April 17, 2018	460,900	**465,166**	464,912
2009–1	5.96%	November 20, 2019	522,000	**537,622**	540,432
2010–1	5.63%	June 7, 2040	400,000	**398,654**	398,619
2011–1	5.30%	February 25, 2041	600,000	**607,224**	607,179
2011–2	4.53%	December 2, 2041	400,000	**398,385**	398,339
2012–1	3.04%	September 21, 2022	388,000	**389,584**	389,062
				6,294,204	6,660,427
Province of Ontario, Interest-free loan, payable in five equal annual instalments that commenced November 2011			4,800	**–**	4,800
				6,294,204	6,665,227
Less: Current portion (including accrued interest)				**(435,825)**	(441,391)
				5,858,379	6,223,836

As at December 31, interest and financing costs, net, consisted of the following:

	2015	2014
	$	$
Interest income	**5,576**	10,522
Interest expense on debt instruments	**(367,298)**	(389,099)
Capitalized interest	**7,715**	3,205
Early retirement of debt charge	**–**	(102,308)
Other financing fees	**(3,801)**	(3,717)
	(363,384)	(491,919)
Interest and financing costs, net	**(357,808)**	(481,397)

With the exception of Series 1999–1 revenue bonds, principal on each series of revenue bond and MTNs is payable on the maturity date. Series 1999–1 are amortizing revenue bonds repayable in scheduled annual instalments of principal, payable on July 30 of each year. These payments commenced July 30, 2004 and continue until maturity in 2029.

Set out below is a comparison of the amounts that would be reported if long-term debt amounts were reported at fair values. Fair values were based on quoted market rates for GTAA bonds as at the date of the statement of financial position. The fair values are within Level 2 of the fair value hierarchy.

	2015			2014
	Book Value	**Fair Value**	Book Value	Fair Value
	$	**$**	$	$
Long-term debt	**6,294,204**	**7,750,936**	6,660,427	8,163,183

All notes are redeemable in whole or in part at the option of the GTAA at any time at a redemption price that is the greater of (i) the face value amount plus accrued and unpaid interest and (ii) the price based on yields over Government of Canada bonds with similar terms to maturity.

Credit Facility

As part of its liquidity management program, the GTAA maintains the following credit facilities: a revolving operating facility in an amount of $600.0 million, a letter of credit facility in the amount of $100.0 million and an interest rate and foreign exchange hedging facility in the amount of $150.0 million. These credit facilities are secured by a $1.35 billion pledge bond (Series 1997–B) issued pursuant to the Trust Indenture. Indebtedness under the credit facilities ranks *pari passu* with other indebtedness issued under the Trust Indenture. The $600.0 million revolving operating facility matures on November 22, 2018 and the $100.0 million letter of credit facility matures on November 22, 2016. Each of the credit facilities can be extended annually for one additional year with the lender's consent.

As at December 31, 2015, $2.3 million was utilized on the $600.0 million revolving operating facility by way of two letters of credit totaling $2.3 million (December 31, 2014 – $2.4 million). Indebtedness under the credit facility bears interest at rates that vary with the lenders' prime rate, bankers' acceptance rates and LIBOR, as appropriate. Interest rates during the year ranged from 1.44 per cent to 3.00 per cent (2014 – 1.85 per cent to 3.00 per cent).

As at December 31, 2015, $68.0 million was utilized on the $100 million letter of credit facility (December 31, 2014 – $nil) (see Note 6, Restricted Funds).

As at December 31, 2015, the $1.8 million marked-to-market valuation loss on the hedge (see Note 15, Financial Instruments) was secured under the $150.0 million interest rate and foreign exchange hedging facility.

11. LEASES

Ground Lease

The GTAA's commitment with respect to annual ground lease Airport rent is based on a percentage of the GTAA's revenues. Ground rent expense in 2015 was $126.9 million (2014 – $131.9 million) excluding amortization of land acquisition costs (see Note 8, Intangibles and Other Assets). Estimated revenues are subject to change depending on economic conditions and, as a result, ground lease payments are subject to change. The lease continues until 2056 with one 20-year option at the GTAA's discretion.

Other Leases

The GTAA, as the lessor, leases under operating leases land and certain assets that are included in property and equipment and investment property. Many leases include renewal options, in which case they are subject to market price revision. The lessees do not have the possibility to acquire the leased assets at the end of the lease.

Contingent rents form part of certain lease agreements. Total contingent rent recognized in the statements of operations and comprehensive income (loss) for 2015 was $120.5 million (2014 – $119.0 million).

Future minimum lease receipts (excluding contingent rent payments) from non-cancellable leases are as follows:

	Within 1 Year	**1 to 5 Years**	**After 5 Years**	**Total**
	$	**$**	**$**	**$**
December 31, 2015	**61,112**	**182,347**	**141,650**	**385,109**
December 31, 2014	59,232	177,439	169,561	406,232

12. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Defined Benefit Pension Plans

The GTAA maintains two pension plans with defined benefit provisions. One of these plans is a registered pension plan for former Transport Canada employees who were eligible to elect to transfer their pension credits to the GTAA plan.

The GTAA measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the pension plans for funding purposes was as of January 1, 2015, and the next required valuation will be as of January 1, 2016.

a) Characteristics of the Plans

Benefit obligations are estimated using the projected unit credit method. Under this method, each participant's benefits under the plans are attributed to years of service, taking into consideration future salary increases (as applicable) and the plan's benefit allocation formula. The GTAA's net obligation is calculated separately for each plan and is determined as the benefit obligation less the fair value of plan assets.

When the above calculations result in a benefit to the GTAA, the recognized asset is limited to the net total of the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plans.

The plans are final average earnings pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. In the registered plan and for one supplemental plan member, pensions paid are indexed with inflation.

The weighted average duration of the defined benefit plans is 14.3 years.

b) Risks Associated with the Plans

The nature of these benefit promises exposes the GTAA to a number of risks, the most significant of which are as follows:

(i) Asset Volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform the discount rate, this will create a deficit under the plan. The pension plans currently invest approximately 58.8 per cent in equities, which may outperform corporate bonds in the long-term, but may contribute to volatility and risk in the short-term.

(ii) Changes in Bond Yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the pension plan's assets invested in fixed income.

(iii) Inflation Risk

The majority of the defined benefit plans' obligations are linked to inflation, with higher inflation leading to higher liabilities. The majority of the plan's assets may have some correlation with inflation and, as such, an increase in inflation may reduce the surplus and/or increase the deficit.

(iv) Life Expectancy

The majority of the plans' obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the plans' liabilities, with the exception of life insurance liabilities.

c) Amounts Recognized in the Financial Statements

The amounts recognized on the statements of financial position as at December 31 are determined as follows:

	2015	2014
	$	$
Present value of funded obligation	**(169,173)**	(169,024)
Fair value of plan assets	**220,902**	206,047
Funded status – surplus	**51,729**	37,023
Net Defined benefit asset	**51,729**	37,023

The movement in the defined benefit pension plans as at December 31 is as follows:

	2015	2014
	$	$
Accrued Benefit Obligation		
Balance, beginning of year	**169,024**	146,092
Current service cost	**2,809**	2,350
Interest cost	**6,601**	6,982
Benefits paid	**(5,984)**	(5,447)
Employee contributions	**555**	577
Remeasurements:		
Loss from changes in demographic assumptions	**–**	12
Loss (gain) from changes in financial assumptions	**(2,778)**	20,040
Experience gain	**(1,054)**	(1,582)
Balance, end of year	**169,173**	169,024
Plan Assets		
Fair value, beginning of year	**206,047**	183,558
Interest income	**8,198**	8,928
Return on plan assets, excluding amounts included in interest income	**7,834**	13,110
Employer contributions	**4,626**	5,705
Employee contributions	**555**	577
Benefits paid	**(5,984)**	(5,447)
Administrative expenses paid from plan assets	**(374)**	(384)
Fair value, end of year	**220,902**	206,047
Funded status – surplus	**51,729**	37,023

As at December 31, 2015, each of the GTAA's defined benefit pension plans was in a surplus position. One plan was in a surplus position of $50.9 million (2014 – $36.3 million), with an accrued obligation of $152.0 million (2014 – $151.2 million) and a fair value of plan assets of $202.9 million (2014 – $187.5 million). The other plan was in a surplus position of $0.8 million (2014 – $0.7 million), with an accrued obligation of $17.2 million (2014 – $17.8 million) and a fair value of plan assets of $18.0 million (2014 – $18.5 million).

The GTAA's net defined benefit pension plan expense for the year ended December 31 is as follows:

	2015	2014
	$	$
Current service cost	2,809	2,350
Interest cost	6,601	6,982
Interest income	(8,198)	(8,928)
Administrative expenses	320	340
Defined benefit pension plan expense recognized in Net Income (Loss)	1,532	744
Amounts recognized in Other comprehensive income (loss):		
Loss from changes in demographic assumptions	–	12
Loss (gain) from changes in financial assumptions	(2,778)	20,040
Experience gain	(1,054)	(1,582)
Return on plan assets	(7,780)	(13,066)
Total Remeasurements recognized in Accumulated other comprehensive income (loss)	(11,612)	5,404

A reconciliation of the net defined benefit asset as at December 31 is as follows:

	2015	2014
	$	$
Net Defined benefit asset, beginning of year	37,023	37,466
Defined benefit cost included in Net Income (Loss)	(1,532)	(744)
Total remeasurements included in Other comprehensive income (loss)	11,612	(5,404)
Employer contributions	4,626	5,705
Net Defined benefit asset, end of year	51,729	37,023

The accrued benefit obligation by participant status as at December 31 is as follows:

	2015	2014
	$	$
Active members	69,933	74,719
Vested deferreds	3,752	4,392
Retirees	95,488	89,913
Accrued benefit obligation	169,173	169,024

The GTAA's plan assets consist of the following as at December 31:

	Fair Value of Plan Assets	
Asset Category	2015	2014
	%	%
Equity securities	59	57
Fixed income	41	43

The fair values of equity and fixed income plan assets are based on quoted market prices in active markets.

d) Significant Actuarial Assumptions

The significant actuarial assumptions used in measuring the GTAA's accrued defined benefit pension plan obligations are as follows (weighted-average assumptions as at December 31):

	2015	2014
	%	%
Discount rate	**4.08**	3.98
Rate of compensation increase	**3.00**	3.50
Rate of price inflation	**2.00**	2.00
Rate of pension increases	**2.00**	2.00

Mortality rates have been established in accordance with the Canadian Pensioners' Mortality Table Private Sector published by the Canadian Institute of Actuaries.

e) Future Cash Flows

The sensitivity of the obligation to changes in the weighted-average significant actuarial assumptions as at December 31, 2015 would be as follows:

	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$	**$**
Discount rate	**1.00%**	**(21,294)**	**26,081**
Rate of price inflation	**1.00%**	**23,462**	**(19,963)**
Mortality	**1 year**	**4,969**	**(5,066)**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the obligation to significant actuarial assumptions, the same method (present value of the obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to the previous period.

As at January 1, 2015, the registered defined benefit plan had a funding valuation solvency deficit of $13.1 million and, in accordance with applicable legislation, the GTAA is making special payment contributions to fund the deficit. The supplementary defined benefit plan had a solvency deficit of $0.4 million as at January 1, 2015. In accordance with the terms of this plan, a contribution in the amount of the shortfall was remitted.

Expected contributions, benefit payments and administrative expenses to defined benefit pension plans for the year ended December 31, 2016, are $7.4 million, $6.7 million and $0.3 million, respectively.

Severance Entitlement Plan

a) Characteristics of the Plan

The GTAA has a severance entitlement plan for certain employees under the terms of the labour agreement. The plan provides a payment upon retirement, resignation, termination or death to eligible employees or their beneficiaries based on years of service and vesting restrictions. The GTAA records the cost of this obligation based on an independent actuarial valuation updated annually.

Benefit obligations for this benefit have been calculated using the projected unit credit method. For each active member, the attribution period is the date of hire to the projected decrement date for termination, retirement or death. Since the GTAA's accrued severance entitlement plan is unfunded, the net obligation is equal to the sum of the benefit obligations for all the members under this plan.

b) Risk Associated with the Plan

The nature of these benefit promises exposes the GTAA to the risk of changing bond yields. A decrease in corporate bond yields will increase plan liabilities.

c) Amounts Recognized in the Financial Statements

The movement in this plan as at December 31 is as follows:

	2015	2014
Accrued Benefit Obligation	**$**	$
Balance, beginning of year	**13,998**	11,598
Current service cost	**1,134**	979
Interest expense	**533**	538
Benefits paid	**(608)**	(377)
Remeasurements:		
Loss (gain) from changes in financial assumptions	**(1,205)**	1,260
Balance, end of year	**13,852**	13,998

The GTAA's net expense as at December 31 is as follows:

	2015	2014
	$	$
Current service cost	**1,134**	979
Interest cost	**533**	538
Post-employment benefit expense recognized in Net Income (Loss)	**1,667**	1,517
Post-employment benefit expense (income) recognized in Other comprehensive income (loss) – Remeasurements	**(1,205)**	1,260

d) Significant Actuarial Assumptions

The significant actuarial assumptions used in measuring the GTAA's accrued severance entitlement plan obligation were as follows (weighted-average assumptions as at December 31):

	2015	2014
	%	%
Discount rate	**4.10**	3.90
Rate of compensation increase	**3.00**	3.50

Defined Contribution Pension Plan Expense

The GTAA maintains four pension plans with defined contribution provisions providing pension benefits to certain of its employees. The net expense for the defined contribution pension plans in 2015 was $3.7 million (2014 – $3.8 million).

The GTAA's contribution to the registered defined contribution pension plans is a maximum of 6 per cent of the employee's gross earnings. For designated employees of one unfunded supplemental plan, the GTAA's notional contribution equals 16 per cent of the employee's gross earnings less amounts already contributed to the plan by the employee and the GTAA. Recorded in post-employment benefit liabilities on the statements of financial position is the estimated payment at December 31, 2015 of $1.2 million (December 31, 2014 – $1.5 million).

Other Employee Future Benefits

Certain employees are provided with paid up life insurance at the time of retirement. At December 31, 2015, the estimated obligation for this payment is $1.9 million (December 31, 2014 – $1.7 million) and is included in post-employment benefit liabilities on the statements of financial position.

13. RELATED PARTY TRANSACTIONS AND BALANCES

Related Parties

As a corporation without share capital the GTAA has Members rather than shareholders. The Members of the GTAA are also its directors. The GTAA is governed by a 15-member Board of Directors. Five Members are municipal nominees. Each of the regional municipalities of York, Halton, Peel and Durham and the City of Toronto is entitled to provide the names of up to three nominees, and the Board appoints one of the nominees for each of the five available positions as a municipally nominated Member. In addition, the Government of Canada and the Province of Ontario are entitled to appoint two Members and one Member, respectively.

As a result of the ability of these governments to appoint Members, these governments and their respective government-related entities are considered related parties for accounting purposes.

The GTAA has applied the exemption for government-related entities to disclose only significant transactions.

The post-employment benefit plan is also considered a related party. Transactions with the pension plan include contributions paid to the plan.

The GTAA entered into the following transactions with related parties during the year ended December 31, as included in the statements of operations and comprehensive income (loss):

	2015	2014
	$	$
Ground rent	**126,939**	131,938
Payments-in-lieu of real property taxes	**31,921**	30,401
Post-employment benefit plans expense	**5,372**	5,061

Amounts due from (to) and balances with respect to related parties as included in the statements of financial position were as follows:

	2015	2014
	$	$
Independent Electricity System Operator	**40,626**	44,655
Ground rent and deferred ground rent	**–**	(3,578)
Commodity sales tax	**(4,801)**	(4,497)
Province of Ontario, Interest-free loan	**–**	(4,800)
Canadian Air Transport Security Authority	**12,080**	7,202

Airport Subject to Ground Lease

On December 2, 1996, the GTAA assumed the operation, management and control of the Airport for a period of 60 years, together with one renewal term of 20 years, by virtue of a ground lease (the "Ground Lease") between the GTAA, as tenant, and Her Majesty the Queen in Right of Canada, represented by the Minister of Transport ("Transport Canada"), as landlord. The GTAA assumed the obligations of Transport Canada under all existing agreements at the Airport.

The Ground Lease is the principal document governing the relationship between the GTAA and Transport Canada at the Airport. It determines the rent to be paid and generally allocates risk and responsibilities between the GTAA and the federal government for all matters related to the operation of the Airport. Under the Ground Lease, all revenue and expenditure contracts in effect on December 1, 1996 were assigned to the GTAA. The GTAA did not assume any liability with respect to claims against the federal government incurred prior to December 2, 1996.

By virtue of its status as the tenant under the Ground Lease, the GTAA has the authority to set and collect airline rates and charges; negotiate and issue leases, licenses and permits; and construct and develop the infrastructure of the Airport. The Ground Lease permits the GTAA to pledge its leasehold interest in the Airport as security.

Ground rent is calculated as a percentage of Airport Revenue, as defined by the Ground Lease and related documents, using escalating percentages with the following ranges: 0 per cent for Airport Revenue below $5.0 million, 1 per cent for Airport Revenue between $5.0 million and $10.0 million, 5 per cent for Airport Revenue between $10.0 million and $25.0 million, 8 per cent for Airport Revenue between $25.0 million and $100.0 million, 10 per cent for Airport Revenue between $100.0 million and $250.0 million, and 12 per cent for Airport Revenue in excess of $250.0 million. The calculation of Airport Revenue is subject to audit by Transport Canada.

Compensation of Key Management

Key management includes the GTAA's Directors, the CEO and the Vice Presidents. The following table includes compensation to key management personnel for the year ended December 31 included in the statements of operations and comprehensive income (loss).

	2015	2014
	$	$
Salaries, fees and short-term benefits	5,005	5,025
Post-employment benefits	379	399
Other long-term benefits	13	9
Termination benefits	–	436
Total (included in salaries, wages and benefits)	5,397	5,869

14. COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

In connection with the operation and development of the Airport, the GTAA had capital commitments outstanding at December 31, 2015, of approximately $184.4 million (December 31, 2014 – $214.0 million).

Letters of Credit

A number of letters of credit for $70.3 million in total were outstanding as at December 31, 2015 (see Note 10, Credit Facility and Long-Term Debt).

Environmental

The GTAA is committed to ensuring that activities undertaken at the Airport are carried out in an environmentally responsible manner in compliance with applicable environmental laws and regulations and with sensitivity to community and public concerns.

Insurance

The Government of Canada has issued an Order-in-Council agreeing to provide indemnity to an airport operator for any third-party bodily injury and property damage coverage that became commercially unavailable due to the events of September 11, 2001.

The indemnity being provided to the GTAA, as an airport operator, shall not exceed the $1.5 billion limit obtained for aviation liability under the GTAA's airport operators liability policy. As part of the original Order-in-Council, the GTAA is required to purchase a $50.0 million primary layer of aviation war risk liability coverage from commercial markets. The current undertaking has been extended to June 30, 2016.

With the aviation war risk program designed to deal with liability matters only, the GTAA purchases first-party terrorism property insurance in the amount of $300.0 million that writes back coverage that was excluded from the main property insurance policy following the events of September 11, 2001. This property coverage is in place for 2016.

Cogeneration Plant

The GTAA has entered into certain contracts in order to secure the supply and delivery of natural gas necessary for anticipated future operations of the Cogeneration Plant. Under these contracts, the GTAA will be required to make payments relating to both the delivery of natural gas based on standard rate agreements and the cost of natural gas as determined by market rates. The GTAA has also entered into a delivery contract that establishes a maximum volume of natural gas inventory that the GTAA is permitted to maintain, as of November 30 of each year. The GTAA has the option to dispose of natural gas in excess of this maximum volume either through consumption or through the sale of natural gas to third parties.

Contingent Liabilities

The GTAA is subject to legal proceedings and claims from time to time that arise in the normal course of business. Where appropriate, the GTAA has recorded provisions while it actively pursues its position. Where it is the opinion of management that the ultimate outcome of these matters will not result in a probable outflow of cash, no provisions have been recorded.

Payments-in-Lieu of Development Charges

The GTAA is not required to pay development charges to the City of Mississauga, the Regional Municipality of Peel ("Peel Region") or the City of Toronto with respect to development at the Airport, but rather pays payments-in-lieu of development charges ("PILDC") in accordance with the *Payments in Lieu of Taxes Act* (*Canada*). The amount of PILDC is calculated by Public Works and Government Services Canada ("PWGSC").

With respect to development undertaken by the GTAA at the Airport between 1996 and 2004, PWGSC paid PILDC in the amount of $0.8 million to the City of Mississauga and $4.1 million to Peel Region. As required by the Ground Lease, the GTAA reimbursed Transport Canada for such amounts. The City of Mississauga filed an application to increase the amount of PILDC. The current claim by the City of Mississauga is $4.6 million. No amounts have been accrued as at December 31, 2015 with respect to this claim, as the obligation relating to this application is not probable at this time.

Regarding any further applications to PWGSC for PILDC with respect to Airport developments by the GTAA occurring after 2004, if these applications were successful, the GTAA would be required to pay to Transport Canada the amount of PILDC paid to the municipality by PWGSC.

15. FINANCIAL INSTRUMENTS

Fair Value Hierarchy

Fair value measurements recognized in the statements of financial position must be categorized in accordance with the following levels:

a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

b) Level 2 – Observable inputs other than quoted prices included in Level 1 such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; or

c) Level 3 – Significant unobservable inputs that are supported by little or no market activity.

Financial instruments that are not measured at fair value on the statements of financial position are represented by cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, security deposits and long-term debt. The fair values of these items, excluding long-term debt, approximate their carrying values due to their short-term nature. The fair value of long-term debt is disclosed in Note 10, Credit Facility and Long-Term Debt.

Restricted funds are categorized as Level 2 as the GTAA uses observable inputs such as yield curves applicable to identical assets to fair value this group.

During the last quarter, the GTAA entered into a cash flow hedge to lock in the interest rate on a notional debt amount of $300.0 million using the Government of Canada 5-year bond maturing in the year 2020 as its reference bond. As at December 31, 2015, the mark-to-market value of the hedge was a loss of $1.8 million, recognized in other comprehensive income (loss) in the period and recorded in accounts payable and accrued liabilities on the statements of financial position. The hedges expired on March 1, 2016.

The cash flow hedge valuation, as at December 31, 2015, was based upon mid-market quotations for the hedging instrument.

The IESO derivative (see Note 8, Intangibles and Other Assets) was categorized as Level 3 as no observable market existed for this financial asset. The discount rate used to fair value the future cash flows took into consideration the nature of the financial asset and counterparty credit risk. The relevant yield curve incorporated into the computation was sourced from Bloomberg and at December 31, 2014, the interpolated discount rate used to fair value this financial asset was 2.99 per cent.

The significant unobservable inputs used in the fair value measurement of the IESO derivative as at December 31 were as follows:

	2015		2014	
	On-peak	**Off-peak**	On-peak	Off-peak
	$	**$**	$	$
Average prices				
Natural gas (per British Thermal Unit – BTU)	**N/A**	**N/A**	6.56	5.00
Electricity (per Megawatt – MW)	**N/A**	**N/A**	69.08	48.28

The validation process for this asset included the period-to-period trend review of changes in output. Processes and results were reviewed and approved by management and results were discussed with the Audit Committee of the Board of Directors as part of its quarterly review of the GTAA's financial statements.

The following table presents the changes in the IESO derivative (Level 3) which were measured at fair value on a recurring basis, as at December 31:

	2015	2014
	$	$
Balance, beginning of year	**N/A**	41,587
Fair value adjustments included in the statements of operations and comprehensive income (loss)	**N/A**	8,914
Cash received or receivable	**N/A**	(5,846)
Balance, end of year	**–**	44,655

There were no transfers of financial instruments between the levels during the year.

Risk Management

In the normal course of business, the GTAA is exposed to a number of financial risks that can affect its operating performance. The GTAA's overall risk management program seeks to minimize potential adverse effects on the GTAA's financial performance.

The GTAA's treasury function is responsible for the procurement of the GTAA's capital resources and for the management of financial risk. All treasury operations are conducted within policies and guidelines approved by the Board of Directors and are within the requirements set out in the Trust Indenture dated December 2, 1997, as supplemented or amended from time to time. Compliance with these policies is monitored by the regular reporting of treasury activities to the Audit Committee of the Board. The GTAA's operating activities result in financial risks that may arise from changes in market risk, credit risk and liquidity risk.

Market Risk

a) Interest Rate Risk

The GTAA's exposure to interest rate risk relates to its MTNs bank indebtedness as described in Note 10, Credit Facility and Long-Term Debt. As at December 31, 2015, all of the GTAA's MTNs are fixed-rate carried assets and, therefore, changes in interest rates do not have an impact on interest payments but may have an impact on the fair value of this debt. There were amounts drawn from the credit facilities during 2015 (see Note 10, Credit Facility and Long-Term Debt).

The GTAA also has exposure to interest rate risk through its short-term investments in restricted funds (see Note 6, Restricted Funds). As at December 31, 2015, all of the GTAA's short-term investment holdings carried a fixed rate during their term and therefore changes in the interest rate would not have a significant impact on the fair value of restricted funds due to the short-term nature of the investments.

The minimum balance of the Debt Service Reserve Fund securing bank indebtedness is adjusted annually on December 2, based on the prevailing bankers' acceptance rate.

b) Foreign Currency Rate Risk

The GTAA undertakes certain transactions denominated in foreign currencies, primarily the U.S. dollar. However, the GTAA's exposure to any foreign currency risk is not significant.

Credit Risk

The GTAA is subject to credit risk through its financial assets. The GTAA performs ongoing credit valuations of these balances and maintains valuation allowances for potential credit loss.

Before accepting a new air carrier, the GTAA uses an external credit scoring system to assess the potential customer's credit quality, as well as an internal credit rating system. Customers are subject to credit checks and require prepayment or a deposit in the form of cash, a letter of credit or a letter of guarantee. Operational and credit-related reviews for aeronautical customers are seasonally reviewed for appropriateness. Should the requirements for security deposits change, new payment terms or deposit requirements will be established. A security deposit is required for most non-aeronautical customers as well. Credit checks for these customers are performed at the time of the agreement negotiations, renewal and amendments.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about the customer.

As at December 31	**2015**	2014
	$	$
Cash and cash equivalents		
A+	**–**	2,593
A	**3,547**	6,445
	3,547	9,038
Restricted funds		
AAA	**88,711**	175,944
AA-	**107,615**	158,312
A+	**217,352**	362,472
A	**86,711**	108,124
	500,389	804,852

None of the financial assets that are fully performing have been renegotiated during the year.

The GTAA derives a substantial portion of its operating revenues from air carriers through landing fees and general terminal charges. There is a concentration of service with two air carriers that represents approximately 66.5 per cent (2014 – 68.0 per cent) of these fees and 31.0 per cent (2014 – 27.9 per cent) of the accounts receivable balance, excluding prepayments and/or deposits on hand, at December 31, 2015.

Liquidity Risk

The GTAA manages liquidity risk by maintaining adequate cash, restricted funds and available credit facilities. Quarterly cash flow projections are prepared by management and reviewed by the Audit Committee to ensure a sufficient continuity of funding. To maintain a flexible program, debt maturities are spread over a range of dates, thereby ensuring that the GTAA is not exposed to excessive refinancing risk in any one year.

The GTAA maintains lines of credit and executes a Capital Markets Platform to meet cash needs as debt maturities occur (see Note 10, Credit Facility and Long-Term Debt, and Note 18, Capital Risk Management).

The table below analyzes the GTAA's financial liabilities by relevant maturity groupings based on the remaining period at the date of the statements of financial position to the contractual maturity date. It does not include pension and post-retirement benefit obligations, as maturities are variable based on timing of individuals leaving the plan. The table has been prepared based on the contractual undiscounted cash flows based on the earliest date on which the GTAA can be required to pay. It includes both principal and interest cash flows.

				December 31, 2015
	Less Than 1 Month	**1 Month to 12 Months**	**1 Year to 5 Years**	**Thereafter**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	**91,923**	**103,012**	**–**	**–**
Long-term debt	**10,588**	**705,956**	**2,952,531**	**7,456,894**
	102,511	**808,968**	**2,952,531**	**7,456,894**

				December 31, 2014
	Less Than 1 Month	1 Month to 12 Months	1 Year to 5 Years	Thereafter
	$	$	$	$
Accounts payable and accrued liabilities	73,199	49,207	–	–
Province of Ontario	–	4,800	–	–
Long-term debt	11,047	722,473	3,386,281	7,739,690
Deferred ground rent	346	3,810	–	–
	84,592	780,290	3,386,281	7,739,690

Additional disclosure about the GTAA's credit facility and long-term debt can be found in Note 10, Credit Facility and Long-Term Debt, and Note 8, Intangibles and Other Assets.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where the GTAA currently has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, the GTAA enters into various arrangements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of the contracts.

The following table presents the financial instruments that may be subject to enforceable master netting arrangements or other similar agreements but not offset, as at December 31, 2015 and 2014, and shows in the "Net Amount" column what the net impact would be on the GTAA's statements of financial position if all set-off rights were exercised in circumstances described above. As at December 31, 2015, no recognized financial instruments are offset on the statements of financial position.

			December 31, 2015
	Gross Amount Presented in the Statements of Financial Position	**Related Accounts Not Set Off in the Statements of Financial Position**	**Net Amount**
	$	**$**	**$**
Financial assets			
Accounts receivable	**75,272**	**(32,931)**	**42,341**
Restricted funds	**500,389**	**(496,417)**	**3,972**
	575,661	**(529,348)**	**46,313**
Financial liabilities			
Security deposits	**(32,931)**	**32,931**	**–**
Long-term debt	**(6,294,204)**	**496,417**	**(5,797,787)**
	(6,327,135)	**529,348**	**(5,797,787)**

			December 31, 2014
	Gross Amount Presented in the Statements of Financial Position	Related Accounts Not Set Off in the Statements of Financial Position	Net Amount
	$	$	$
Financial assets			
Accounts receivable	54,736	(28,754)	25,982
Restricted funds	804,852	(731,858)	72,994
	859,588	(760,612)	98,976
Financial liabilities			
Security deposits	(28,754)	28,754	–
Long-term debt	(6,665,227)	731,858	(5,933,369)
	(6,693,981)	760,612	(5,933,369)

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
	$	$
Trade payables	**34,383**	23,795
Accrued expenses	**150,560**	83,099
Commodity sales tax payable	**4,801**	4,497
Provisions	**3,082**	10,719
Other liabilities	**2,109**	296
	194,935	122,406

17. GOODS AND SERVICES EXPENSE BY NATURE

	2015	2014
	$	$
Property and equipment maintenance and repairs	93,682	88,264
Contracting, outsourcing and professional services	66,442	58,839
Utilities	24,917	29,310
Policing and security	33,332	29,488
Other	22,011	10,469
	240,384	216,370

18. CAPITAL RISK MANAGEMENT

The GTAA defines its capital as long-term debt, including its current portion; borrowings, if any, under the GTAA's credit facility (see Note 10, Credit Facility and Long-Term Debt); cash and cash equivalents; short-term investments; and restricted funds.

The GTAA's objectives when managing capital are to:

a) Maintain a capital structure and an appropriate rating that provide financing options to the GTAA when a financing or a refinancing need arises to ensure access to capital, on commercially reasonable terms, without exceeding its debt capacity or resulting in a downgrade to the credit ratings of the existing indebtedness;

b) Maintain financial flexibility in order to preserve its ability to meet financial obligations, including debt servicing payments; and

c) Satisfy covenants set out in the Trust Indenture.

The GTAA is a corporation without share capital and, accordingly, is funded through operating revenues, AIF revenue, restricted funds, the debt capital markets and its bank credit facilities. The GTAA uses a rate-setting methodology that targets levels of cash flow sufficient not only to fund operating expenses, maintenance and restoration capital expenditures, and partial debt repayment but also, in most years, to fund certain other capital investments. Consistent with this mandate, any excess funds generated by the GTAA are reinvested in the Airport.

As at December 31, 2015, the GTAA's deficit and accumulated other comprehensive income (loss) amounted to $667.2 million (December 31, 2014 – $744.9 million).

Capital Markets Platform

As a corporation without share capital, the GTAA's ongoing capital requirements, as noted above, are financed through the issuances of debt. The GTAA developed a financing program referred to as the Capital Markets Platform, capable of accommodating a variety of corporate debt instruments. All indebtedness incurred under the Capital Markets Platform is secured under the Trust Indenture dated December 2, 1997, as supplemented or amended from time to time, which establishes common security and a set of common covenants by the GTAA for the benefit of its lenders. The security comprises an assignment of the revenues of the GTAA; a specific charge on certain funds; restricted funds and accounts; an unregistered first leasehold mortgage of the GTAA's leasehold interest in the Airport; and a guarantee and related collateral security of subsidiaries, if any, as designated from time to time.

The Debt Service Reserve Funds are funded from the net proceeds of each bond or MTN issuance (see Note 6, Restricted Funds). The covenants that the GTAA must meet include two specific coverage tests for operating expenses and debt payments. The operating covenant states that the total revenue must at least cover all operating expenses, including interest and financing costs and excluding amortization. The debt service covenant states that the net revenues, which may include available credit, must be at least 1.25 times the total interest and financing costs, including notional principal. At December 31, 2015, the GTAA was in compliance with the above covenants and was not in default under the Trust Indenture as defined therein.

19. SUBSEQUENT EVENTS

On February 16, 2016, the GTAA issued $300 million Series 2016–1 MTNs to partially refinance the $350 million Series 2005–3 MTNs which matured and were repaid on February 16, 2016. The remaining balance was funded through the revolving operating facility and operating cash flows.

Disclosure Requirements of the Ground Lease

Subsection 9.01.07, paragraphs (a) to (g), of the Ground Lease requires the GTAA to publish in its Annual Report the matters listed below.

a) Audited Financial Statements

The auditor's report and the audited financial statements are found on pages F18 to F50 and the summary of affairs (Management's Discussion and Analysis or "MD&A") is found on pages F1 to F17 of the Annual Report.

b) Report on the Business Plan and Objectives for 2015

The projected cash flows in any year constitute the business plan for that year. The business plan for 2015 is the 2015 summary of projected cash flows, which is found below in Paragraph c) (the "2015 Business Plan"). A report on the GTAA's performance relating to the 2015 Business Plan is discussed in Paragraph c) below and in the MD&A.

Further, in the Annual Reports for the previous five years, comparisons to the respective business plans and the overall corporate performance are discussed in the respective MD&A and Ground Lease Disclosures.

c) Variances and Corrective Measures with Respect to the Report on the 2015 Business Plan

The following table provides a comparison between the 2015 actual results and the 2015 Business Plan:

(in millions, unaudited)			**2015**
	Actual	**Business Plan**	**Favourable/ (Unfavourable)**
	$	$	$
Revenues	1,201	1,201	–
Expenses	777	779	2
Earnings before interest and financing costs, net	424	422	2
Interest income	(5)	(6)	(1)
Interest expense on debt instruments and other financing costs, net	363	366	3
Interest and financing costs, net	358	360	3
Net Income/(Loss)	66	62	4
Add: Amortization	235	231	4
Operating cash flows	301	293	8
Less: Capital expenditures	285	245	(40)
Available for debt repayment and future investment	16	48	(32)

For a more complete discussion of the 2015 financial results and capital projects, see the MD&A and the Annual Information Form for the year ended December 31, 2015, copies of which are available on SEDAR at www.sedar.com. The GTAA's MD&A is also available on its website at www.torontopearson.com. Total revenues were in line with the 2015 Business Plan.

Total expenses, including amortization of property and equipment, investment property and intangible assets ("Amortization"), were $2 million favourable to plan, primarily driven by utilities and energy costs resulting from lower pricing of natural gas and electricity. Additionally, during 2015, the GTAA received a favourable interpretation with respect to ground rent expenses resulting in gains that were not contemplated by the plan. These favourable cost reductions were offset by unfavourable expenditures related to amortization, professional and contracting services, policing and security costs, and building repairs and maintenance. Amortization costs were $4 million unfavourable, resulting from early completion of capital initiatives versus plan.

The net interest and financing costs were favourable to plan by $3 million as a result of higher capitalized interest being allocated to a larger pool of work-in-progress capital initiatives.

The deposits to the Notional Principal, Debt Service Coverage, and the Operations and Maintenance Funds pursuant to the Master Trust Indenture were as projected. None of the variances to the 2015 Business Plan discussed above were of a nature that caused the GTAA to take specific corrective actions.

d) Summary of the Five-Year Business Plan

The five-year Business Plan (2016 to 2020) is driven by the 20-year strategic framework, which is in turn based upon three fundamental strategic principles: financial sustainability, customer experience and operational excellence. This means that the Corporation will meet the growing demand for air travel by making optimum use of existing facilities before investing in new capital infrastructure. This will be achieved by improving passenger, baggage and aircraft processing, and flow through the Airport, while delivering exemplary customer service, atmosphere and amenities to all passengers.

The key corporate revenue generation assumptions used to develop the 2016 Business Plan are as follows:

- 43.7 million total passengers
- landed MTOW (>19 tonnes) of 15.6 million tonnes
- landed seats of 26.4 million

Over the five-year forecast horizon, the primary driver for the Corporation's Business Plan is the long-term growth in Airport activity. Specific revenue, customer service or cost containment initiatives carried out over this period may also have an impact on revenues and expenses. The average annual passenger growth rate from 2016 to 2020 is projected to be approximately 4.0 per cent. During the same period, landed MTOW is expected to grow at an average annual rate of approximately 2.5 per cent, while landed seats are expected to grow by an average annual rate of approximately 4.0 per cent.

The 2015 fiscal year was the final year of a three-year aeronautical rate freeze that commenced in 2013. For the 2016 fiscal year, the Corporation has again announced its intention to maintain these aeronautical rates at 2015 levels.

During the Business Plan's five-year horizon, the Corporation plans to continue to pursue its non-aeronautical revenue growth strategy. This will include the introduction of new retail, food and beverage offerings and advertising/sponsorship initiatives, as well as enhanced marketing and business development initiatives to increase parking revenues. Over the term of the Business Plan, growth in non-aeronautical revenues is expected to exceed passenger growth.

The Corporation typically undertakes capital projects to meet one of the following key objectives: (i) to comply with regulatory requirements (e.g., safety, security or environmental); (ii) to expand the capacity or improve the productivity of existing assets; (iii) to restore or replace existing assets; (iv) to modify existing infrastructure to improve revenue or reduce costs; or (v) to add new capacity or businesses to the Airport beyond the existing infrastructure.

As part of the 20-year strategic framework adopted by the Corporation in 2015, the Corporation will continue to meet the growing demand for air travel through making optimum use of existing facilities prior to investing in new capital infrastructure.

In the near term, the Corporation will continue to focus on capital programs that will optimize the capacity and use of its existing infrastructure assets to improve passenger, baggage and aircraft processing and flow, comply with regulatory requirements and enhance customer experience, primarily through its Terminal 1 and Terminal 3 improvement projects.

As part of the planning and development of the 2017 Master Infrastructure Plan, and given the rate of passenger growth that the Airport has experienced over the past years, it is anticipated that there will be a need to expand the existing infrastructure via a new concourse facility, which will then form part of the capital expenditure program over the next five years.

Expenditures related to the capital programs are expected to be funded primarily through cash flows generated from operations and are expected to average approximately $300 to $400 million per year over the next five years, depending on timing and scope. This is greater than the Corporation's long-term average annual capital expenditure of $200 to $250 million per year.

The reader is cautioned that some assumptions used to derive forecast information may not materialize and unanticipated events and circumstances may occur subsequent to the date when this summary was prepared. Therefore, the actual results achieved during the period may vary, and the variations may be material. For a more complete discussion of the risks and uncertainties and caution regarding forward-looking statements, see the MD&A and the Annual Information Form, copies of which are available on SEDAR at www.sedar.com. The GTAA's MD&A is also available on its website at www.torontopearson.com.

e) Remuneration to Board and Salary of Senior Officers

For 2015, the Chair of the Board of Directors received remuneration in the amount of $174,328, while the other Directors earned remuneration ranging from $69,500 to $96,500. For 2015, salaries for the Corporation's Senior Officers ranged from $108,000 to $518,899. Senior Officers are also eligible for a performance-based bonus.

A Director's annual remuneration varies by the number of Board and Board committee meetings attended and the manner of attendance, whether the director serves as a Chair of a Committee, and whether the Director has served for a full or part year. A Senior Officer's salary varies by the responsibilities and experience of the Senior Officer and whether the Senior Officer served for a full or part year.

Additional information regarding the remuneration paid to the Directors and the Senior Officers is available in the Annual Information Form, copies of which are available at SEDAR.

f) Ethical Business Conduct

The Corporation has a Code of Business Conduct and Ethics (the "Code"), which has been approved by the Corporation's Board of Directors (the "Board"). The Code complies with the requirements of the Canadian Securities Administrators' National Policy 58-201 and represents a comprehensive approach to addressing, among other matters, conflicts of interest and promoting fair, honest and ethical behaviour by all of the Corporation's Directors, officers, employees and contracted staff. A copy of the Code may be accessed at SEDAR.

The Board monitors compliance with the Code and the Corporation requires that each Director and officer sign an Annual Declaration advising that the Director or officer has read the Code and either declares that the Director or officer is in compliance or not in compliance with the Code and to declare the reasons for the non-compliance. In addition, the Board has implemented Confidential Anonymous Reporting for Employees ("C.A.R.E."), which permits the anonymous reporting of an employee, officer or Director's unethical behaviour. C.A.R.E. also extends to business partners contracted by the Corporation.

All Directors and Officers indicated that they were in compliance with the Code.

g) Report on Contracts over $100,000 Not Tendered

The Ground Lease provides that any contracts in excess of $100,000 (as adjusted annually by CPI) that are not awarded through a public tendering process must be described in the Corporation's Annual Report. Such description must identify: the parties to the contract; the amount, nature and circumstances of the contract; and the reasons for not awarding such contract on the basis of a public competitive tendering process.

Contract Value Range	Contractor	Description of Contract	Reason for Award without Public Tender
$100,000–$200,000	Agile Access Control Inc. 2023807	Maintenance and Support Renewal for Fleet Commander Software	A
	Deltek Inc. 2043940	Subscription Application Tracking System	A
	KPMG 2040979	Services to Complete the Oracle Upgrade Project	A
	Bell Canada 2042164	Continued Support of the WIFI Upgrade Project	A
	Cambridge Management Planning 2037606	Human Resources Support Services	A
	Forms and Surfaces, Inc. 2042251	Waste Receptacles for Terminal 3 Enhancement Project	B
	Precise Parklink Inc. 2043318	Installation of Two Entry and Two Exit Key Scan Gate Barriers at the 6A South Parking Lot	B
	NavStar Aviation Partners Inc. 2043186	Medi-Lift Operator Services	B

Contract Value Range	Contractor	Description of Contract	Reason for Award without Public Tender
$100,000–$200,000	Pistil Enterprises Ltd./ ET Group 2033631	Maintenance and Support Renewal for Boardroom Audio Visual Equipment	A
	Caliber Environmental Construction Services Inc. 2043466	Airside Remediation and Reconstruction of Warming Booths at Terminal 1	B
	Aislelabs 2042452	Flow Pilot Project to Conduct Analysis on Passenger Activities During Their Time Spent in the Terminals (Track Sales and Operations Activities)	B
	Soluteo Inc. 2041700	Integrated Android-BlackBerry Push Notification Solution for Mobile Applications (Includes Implementation, Support and Maintenance)	B
$200,000–$400,000	Moore Canada Corporation 2040890	Supply of Continuous Feed Blank Paper and Stock Thermal Active Paper for the Automatic Border Control System	A
	The Beacon Group 2039579	Support for Implementation of Five-Year People Strategy Culture Survey	A
	Inland Technologies Canada Inc. 2043489	Aircraft Deicing Fluid Recovery and Management at the Hangar Deicing Facility	A
	Strategy Corporation Inc. 2041703	Strategic Advisory Services on Stakeholder Engagement and Facilitation with Regards to the Regional Airports and Ground Transportation Strategy Project	A
	Noetix Corporation 1024015	Software and Consulting Services to Enhance Reporting Requirements of Oracle	A
	Schneider Electric Canada Inc. 2043459	Upgrade of the Existing Power Monitoring Control System in Terminal 1	C
	Intellimeter Canada Inc. 2029276	Provide Automated Remote Readings of Tenant Utility Meters	A
	Verint Americas Inc. 2034971	Upgrade of Witness Voice Recorders Software	A
	Pierce Services & Solutions Inc. 2042649	Replacement of Existing Glycol Blending System	C
	Robly Mechanical Maintenance Ltd. 2042102	Refurbishment of Passenger Boarding Bridges at Terminal 3 Pier A	A
	John Bean Technologies Corporation 2042129	Parts for Five Passenger Boarding Bridges at Terminal 3 Pier A	B
$400,000–$700,000	Arctic Combustion Ltd. 2039632	Connection and Rental of Two Hot Water Boilers for Infield Area Buildings Back-Up Heating	B
	Ontario Clean Water Agency 2042691	Central Deicing Facility Spent Deicing Fluid Management and Disposal	A
	Fortbrand Services Inc. 2042658	Repairs for Vammas Unit #108	C
	Prolog Development Center A/S 2035838	Software License Agreement and Support and Maintenance for Air Traffic Slot Allocation and Facility Planning	A

Contract Value Range	Contractor	Description of Contract	Reason for Award without Public Tender
$400,000–$700,000	Jibestream Inc. 2036021	Support Maintenance Service for Terminal Maps Linked to Digital Pearson Website	A
	Siemens Canada Limited 2041959	Parts for Steam Turbine Overhaul	C
	Media Resources Inc. 2042459	Digital Transformation Program Project to Purchase Variable Messaging Screens/Signs	B
$700,000–$1,000,000	IBI Group 2032930	Upgrade to Central Deicing Facility Bay Manager System	A
	Vestergaard Company Inc. 2042790	Parts and Services for Vestergaard Beta Deicing Trucks	B
	Black & McDonald Limited 2041564	Terminal 1 and 3 Distributed Antenna System Campus Fiber Installation	A
	CISCO Systems Canada Co. 2042016	Stadium Vision Solution Includes Hardware, Software and Support	C
	1772887 Ontario Limited O/A St. Joseph Media 2041210	Publish, Print, Deliver and Market a Print Publication called *AWAY*	B
	Hillside Media Communications 2040939	Toronto Pearson Branding Project – 401 Highway	A

A. Where the GTAA determines that in connection with an existing contract for the supply of goods and services which is expiring, it is most efficient and practicable to extend or award a new contract to the existing contractor or services supplier where such contractor or services supplier has developed a specific skill set or knowledge base in respect of that contract not found on the market.

B. Where there is just one contractor, or service supplier, who can provide the required goods or services.

C. Where warranty, patent or copyright requirements or technical compatibility factors dictate a specific supplier.

D. In any other circumstances where the President and Chief Executive Officer determines it is necessary to do so having regard to the safe, efficient and practicable operation of Toronto Pearson.

Section 9.01.07, Paragraphs (a) to (g) of the Ground Lease

The Tenant shall, prior to each public meeting to be held pursuant to Subsection 9.01.05, publish an annual report in respect of the Lease Year (in this Subsection 9.01.07 called "that Lease Year") immediately preceding the Lease Year in which the public meeting is held, which shall, as a minimum:

(a) include the audited annual financial statements of the Tenant for that Lease Year, the Tenant's Auditor's report on such Tenant's audited annual financial statements and a summary of the Tenant's affairs for that Lease Year;

(b) contain a report on the Tenant's performance relating to the Tenant's business plan and objectives established for that Lease Year, and as applicable for the previous five Lease Years;

(c) include an explanation by the Tenant of all variances and corrective actions taken with respect to the Tenant's performance described in Paragraph 9.01.07(b);

(d) present a summary of the Tenant's business plan for the then current Lease Year and the Tenant's business plan containing a forecast for the next five Lease Years, including specific objectives (measurable where feasible), for such summary and forecast and relating to the approved objects of the Tenant;

(e) contain a report on the remuneration provided to each Board member and on the salary of each of the senior officers of the Tenant;

(f) contain a report on compliance or non-compliance with the Tenant's Code of Conduct; and

(g) report on all contracts in excess of an amount obtained by multiplying seventy-five thousand ($75,000) dollars by the C.P.I. Adjustment Factor for that Lease Year, which are entered into during that Lease Year and which contracts were not awarded on the basis of a public competitive tendering process and such report shall identify the parties to the contract, the amount of the contract, the nature of the contract, the circumstances of the contract and the reasons for not awarding such contract on the basis of a public competitive tendering process.

Our Neighbourhood

CORPORATE SUSTAINABILITY 2015

The GTAA's Propeller Project supports neighbourhood building initiatives in communities surrounding the airport, such as the Ecosource Healthy Roots Malton Community Garden program.

Corporate Sustainability (Unaudited)

“Perhaps more than any other industry, an airport is a reflection of the community around it. If the community is doing well, the airport is doing well. If the community’s not doing well, then the airport isn’t. It is a symbiotic relationship.”

HOWARD ENG, President and CEO, GTAA

Toronto Pearson is committed to planning and evolving its operations to meet the increasing demand for air travel in southern Ontario. As the operator of Toronto Pearson, the GTAA works to maximize the economic benefits of our airport as a global hub, serving as a major economic engine for the regional economy and all of Canada, while carefully managing our environmental impacts so that we can continue to be a good neighbour to local communities.

At Toronto Pearson, corporate sustainability plays a significant role in shaping our operations and activities. Achieving our vision to be "the best airport in the world, making a difference and connecting the world" relies on delivering on our strategic framework goals, which include:

- maintaining the highest level of safety and security;
- delivering outstanding customer service;
- being recognized as an employer of choice; and
- working to further minimize our environmental footprint.

These goals were developed to address the expectations of our Board, executive team and stakeholders: passengers, employees, partners, community leaders and interest groups. Our ongoing efforts to improve how we engage with, and respond to, these groups are essential in Toronto Pearson becoming a leading global hub for air travel.

Since 2005, we have reported on our economic impact and initiatives relating to our employees, surrounding communities and the environment with a stand-alone corporate social responsibility report.

Since 2013, we have integrated our sustainability priorities, commitments and performance into our Annual Report, to provide our stakeholders with a broader lens on our commitments to, and impacts on, our neighbourhood. This shift to integrated corporate sustainability reporting reflects our belief that environmental and social responsibility is inseparable from achieving our strategic corporate goals, improving how the GTAA collectively (and collaboratively) seeks solutions for the immediate and longer term.

We know that sustainability initiatives can sometimes seem tenuously linked to a corporation's long-term goals, but we hope that our report clearly articulates the role that sustainability plays in continuing our growth and achieving our vision.

ABOUT OUR CORPORATE SUSTAINABILITY REPORTING

In this section of the report, we provide a summary of our sustainability priorities, initiatives and performance. We have also developed a separately downloadable Global Reporting Initiative (GRI) Index on our website that provides greater performance data and context about our commitment to be in accordance with Comprehensive level GRI G4 reporting (self-declared). Our G4 reporting includes the Airport Operators Sector Disclosure, which we helped to develop in 2011.

We also define here our material topics, and the approaches taken to identify these topics, based on the recent insights shared by our stakeholders and the broader mandate to meet our strategic goals.

A report is only as strong as the processes, systems and people involved in its development. As in previous years, we have used an internal verification program to assess our performance data, including, but not limited to, how the data was captured, collected, reviewed and reported. We evaluated a sample of the information and data related to the performance indicators to ensure that a documented process and adequate controls are in place so that we can present consistent and accurate data.

We maintain an ISO 14001 environmental management system, which helps us in determining our long-term objectives. Our management system is externally audited to ensure the quality and credibility of our environmental data.

We continue to include information determined to be necessary by our stakeholders, and we see each Annual Report as an opportunity to improve on our reporting. Some values have been restated as a result of a change in units or how data was compiled in response to the recently updated GRI Guidelines. This has been clearly indicated in the relevant sections, and in the separately downloadable GRI Index.

Stakeholder Engagement

WHY IT MATTERS

An airport and its operations are deeply connected to the local community and region in which it operates. We represent an industry that is evolving in its policies and technologies, and operate in a region that is growing both in cultural diversity and economic prosperity.

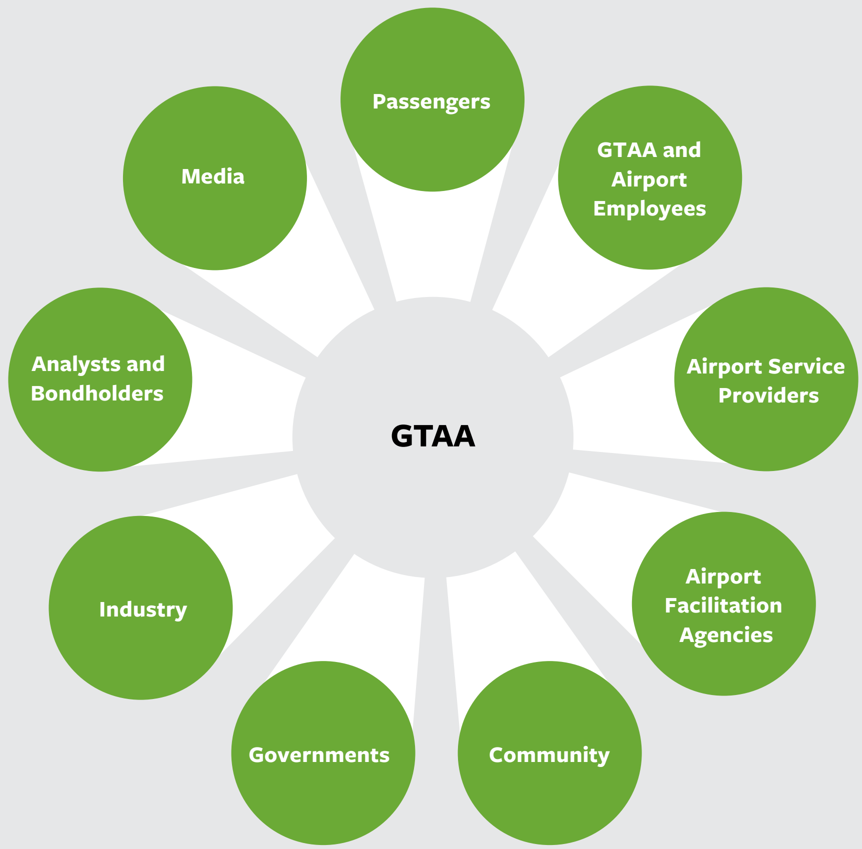
Our stakeholders play an essential role in keeping us abreast of the latest changes, concerns, challenges and opportunities affecting Toronto Pearson, our industry and our surrounding neighbourhoods.

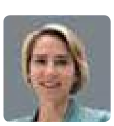
Through initiatives ranging from industry committees, face-to-face meetings and passenger surveys to employee forums and public tours, we receive feedback from and collaborate with our diverse stakeholders so that we are in the best possible position to plan strategically and act responsibly.

OUR STAKEHOLDERS

We identify our stakeholders as any person or group that has direct dealings with the airport, or that has influence over/is impacted by airport operations, including those with economic ties to the airport, our surrounding community, our partners and our people.

This figure outlines the stakeholder groups with which we regularly engage to ensure that we are on track to become "the best airport in the world":





"Our growth has to be supported by stakeholders. We have to get buy-in and support from the communities and other stakeholders in order to support that growth. Maintaining a social licence to grow isn't about individual projects – it's about the cumulative effect of the growth and how we work with stakeholders to achieve it."

LORRIE MCKEE, Director, Public Affairs and Stakeholder Relations, GTAA

HOW WE ENGAGE AND WHAT WE LEARN

Our stakeholders voice their opinions to keep us informed and collaborate with us to help us upgrade our policies and practices. They also partner with us to enhance our initiatives relating to our surrounding communities and the environment, and to maximize our economic impact.

We know *why* we engage with stakeholders, and we continue to gain insights that make us better. But identifying *how* we can inform and engage with our surrounding neighbourhood, in thoughtful and targeted ways, remains an ongoing priority.

We regularly evaluate and modify how we engage with specific stakeholder groups, and how we incorporate stakeholder feedback into our corporate sustainability planning, programs and performance measurement.

The following tables show how we engage with specific stakeholder groups on topics relating to corporate sustainability, how often we engage with them and the topics that were raised with them in 2015.

Passengers

Our mission statement says it all: "passengers are our passion". Since the number of passengers that we serve is expected to grow on average 3 per cent annually over the next 20 years, we need to look for opportunities to maintain and improve our relationships by considering ways that we can meet and exceed their changing expectations.

2015 Update	How We Engage	How Often	Key Topics
Improved Airport Service Quality (ASQ) survey score The Terminal 3 Enhancement Project (T3EP), expected to be complete in 2017, will improve passenger flow and introduce new and refreshed facilities and retail offerings to better meet the needs of airport users today and in the future The opening of the new Terminal 3 Pier, which will handle 2.9 million passengers per year	Passenger surveys ASQ survey Customer and passenger feedback kiosks	Regularly	Customer experience Customer service Operational excellence Infrastructure
	Web portal for passengers, visitors and the community (TorontoPearson.com) Social media channels (e.g., Twitter, Facebook, Instagram)	Continuously	

Employees

Directly employing 1,300 people in the Greater Toronto Area, the GTAA aspires to be a leading employer in Canada by fostering an open and welcoming culture. We want to encourage our people to share innovative ideas that can help us achieve our strategic goals. Our people are strong advocates for sustainability – they regularly engage on related topics through a combination of online and print-based communication, in-person events and an annual opinion survey.

2015 Update	How We Engage	How Often	Key Topics
Introduced "Coffee with Howard" sessions for employees to engage with our CEO	Updates on corporate intranet	Continuously	Upcoming events Staffing changes Operations updates Policy changes Company initiatives Engagement survey results Recognition of staff accomplishments
	All-employee meetings	Semi-annually	
	People Leaders Forum	Quarterly	
	Employee opinion surveys	Annually	
	Anonymous complaints and whistle-blowing	Continuously	
	Evening of Excellence (employee recognition event)	Annually	
	Employee social activities (e.g., barbecues, Evening of Excellence, holiday events)	Quarterly	
	Airport employee tours (airside and terminal)	On request	

Airport Employees

In addition to our direct employees, we serve a community of roughly 40,000 people who work at Toronto Pearson. They are our airport ambassadors. We share commitments to provide high-quality customer service, and to operate in ways that are safe, and considerate to peers and passengers. Our Community Relations team regularly develops programs and initiatives to foster a sense of collegiality and cooperation among airport employees.

2015 Update	How We Engage	How Often	Key Topics
Ongoing awareness – building goodwill and engaging with front-line employees Canadian Airports Safety Week created and led by the GTAA Started FOD-Free Fridays ("FOD" standing for "foreign object debris") aimed to help maintain a safe airport environment, and an opportunity for anyone with a valid Restricted Area Identity Card (RAIC) to volunteer to clean up specific areas of the airfield People of Pearson – a social media campaign profiling airport employees each week	General community engagement email	Continuously	Operations updates Events and initiatives Volunteer opportunities Campaigns and discounts General education and outreach
	Employee updates on the Toronto Pearson website	Continuously	
	Email newsletter	Monthly	
	Cross-functional airport working groups	Monthly	
	Outreach/intercept events	Periodically	
	Outreach – town halls and meetings	Periodically	
	Large-scale community events	Periodically	
	Airport employee tours (airside and terminal)	On request	

Airport Service Providers

Toronto Pearson's tenants' everyday decisions and actions play a critical role in the success of our operations and excellence in customer service. Together with these partners, the GTAA's Customer and Terminal Services (CTS) department has a Terminal Operations team that manages our customer-service needs and issues. Our day-to-day operational needs are managed by both CTS and the Airport Planning and Technical Services (APTS) departments.

2015 Update	How We Engage	How Often	Key Topics
Hosted the second annual Eye on Safety Awards. Airport service providers (and employees) are recognized for their behaviours and acts that support a culture of safety and security New program for restaurants – grease/oil recycling program	Airline Consultative Committee	Quarterly	Passenger facilitation Strategic planning Long-term development Operations Rates and charges Airport Master Plan Building/terminal infrastructure Development proposals Policy/practice changes Customer service: connections, passengers, baggage, cargo, mail and stores Review of information technology and telecommunications Air carrier and ground handling Performance metrics Deicing Traffic management Foreign Object Debris program Interruption management Long-term air traffic growth Transit connectivity
	Airline Consultative Committee – Technical Subcommittee	Quarterly	
	Toronto Pearson Facilitation Committee	Quarterly	
	Airline Consultative Committee – Information Technology and Telecommunications Subcommittee	Monthly	
	Commercial Affairs Subcommittee	Monthly	
	Passenger Operations Subcommittee	Monthly	
	Airside Operations Subcommittee	Monthly	
	Irregular Operations Subcommittee	Twice monthly	
	One-on-one meetings	Regularly	

Airport Agencies

The safety and security of Toronto Pearson's passengers and employees is paramount in how we operate the airport. The GTAA works closely with government agencies (e.g., Canadian Air Transport Security Authority, Canada Border Services Agency, U.S. Customs and Border Protection) that serve Toronto Pearson to ensure expected changes in our operations or shifts in regulation will not impact safety, security and efficiency. GTAA departments meet regularly with the local leadership of these government agencies to share information, address day-to-day security and facilitation issues, and coordinate long-term operations and facility planning.

2015 Update	How We Engage	How Often	Key Topics
Syrian refugees effort U.S. Customs and Border Protection – preclearance IDEO – innovate the way security happens, working with CATSA	One-on-one meetings	Regularly	Passenger facilitation Strategic planning Long-term development Operations

Community

Community engagement plays a critical role in achieving our vision and strategic goals. Developing and maintaining strong relationships and open communication with our neighbours is crucial for Toronto Pearson to earn the social licence to grow. Our community engagement program uses a combination of tools and initiatives, including local events, public meetings, committees, volunteer opportunities and web-based outreach, to build awareness of, and support for, the airport and its role in the surrounding community.

Our community investment program, recently named the Propeller Project, provides funding to community building activities and initiatives.

2015 Update	How We Engage	How Often	Key Topics
Ongoing awareness – building goodwill and engaging with residents Engaging with surrounding corporate community through involvement with Partners in Project Green (an eco-industrial zone) The GTAA and NAV CANADA started a three-phase Noise Mitigation Initiatives Engagement Plan with communities across the Greater Toronto Area (GTA), beginning with stakeholder roundtables 9,037 people participated in programs sponsored by the Propeller Project	Noise complaints line at WebTrak	Continuously	Airport operations Noise Events and initiatives Community investment Community outreach and feedback Biodiversity Waste Emissions General awareness, education and outreach Supporting new Canadians Developing young leaders
	General community engagement line and email	Continuously	
	Community section of the Toronto Pearson website	Continuously	
	Community Environment and Noise Advisory Committee (CENAC)	Quarterly	
	Email newsletter	Monthly	
	Events, town halls and meetings (in the community)	On request	
	Events, workshops and meetings (at the GTAA)	On request	
	Large-scale community events	Semi-annually	
	Community tours	On request	
	Corporate giving – Propeller Project	On request, and proactively sought	
	Social media followers, in 2015: Twitter: 35,000+ Facebook: 128,000+ LinkedIn: 7,700+ Instagram: 6,800+	Continuously	

"The GTAA's community and stakeholder engagement team is superb, with a passion for getting it right. Its people are very accountable for their responsibilities."

JOHAN VAN'T HOF, Community Environment and Noise Advisory Committee (CENAC) representative

Governments

The GTAA takes a progressive view on how it interacts with the communities that surround the airport and with local governments – by providing opportunities to publicly discuss the growth and impact of our business and operations, as well as by offering community relations programming. We actively engage with municipal, provincial and federal levels of government on a variety of environmental, social and economic issues that impact the GTAA and the broader air transportation industry. In 2015, the GTAA conducted 350 meetings with political stakeholders at the federal, provincial, regional and municipal levels of government. This outreach provided the opportunity to discuss the growth of our business, operations and impact as well as our community relations programming.

2015 Update	How We Engage	How Often	Key Topics
Official Welcome Partner for the Toronto 2015 Pan Am and Parapan Am Games Collaborated with various government agencies for the arrival of Syrian refugees Partnered with the City of Toronto's International Students Welcome Program to welcome students from around the world Regional Airports and Ground Transportation Strategy	Meetings	350 meetings in 2015	Growth of our business, operations and impact Community relations programming
	Symposiums White papers Quarterly newsletters		

Industry

To effectively respond to and anticipate changes within our industry, we are actively involved with organizations such as the Canadian Airports Council (CAC), Airports Council International (ACI), the International Civil Aviation Organization (ICAO) and the International Air Transport Association (IATA). We stay in regular communication with the members and executives of these groups to ensure that we are informed of, and have the opportunity to address, issues affecting the aviation industry and airports in Canada and around the world.

2015 Update	How We Engage	How Often	Key Topics
Created and led the Inaugural Canadian Airports Safety Week Attained ACI's Airport Carbon Accreditation Program – Level 2	Industry association meetings, conferences and working groups	Regularly	Airport operations and impacts

Analysts and Bondholders

We regularly meet and communicate with bondholders and analysts to explain our GTAA story, including our financial projections and strategic goals. Through our one-on-one meetings and presentations, we aim to influence significant bottom line factors, including the cost and availability of financial capital.

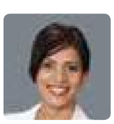
2015 Update	How We Engage	How Often	Key Topics
Presented at three investor/industry conferences	Investor conference speaking appearances	Semi-annually	Activity Financial results Forecasts Capital and operational projects Financing needs
	Responses to ad hoc requests from investors and analysts	Continuously	

Media

The GTAA plays an important role in engaging with the media to inform the public of operational updates such as air traffic, weather and events that cause irregular operations. We also engage with the media to communicate to stakeholders and the general public on major announcements and other airport initiatives, such as those relating to the environment, enhanced services, community investment and public advocacy.

Throughout the year, we receive numerous inquiries from print, broadcast (radio and television) and online media relating to every facet of airport operation and aviation in general. Each inquiry is handled by an appropriate GTAA spokesperson who responds specifically to the issues raised.

2015 Update	How We Engage	How Often	Key Topics
More reliance by media outlets on GTAA's social media feeds (e.g., Twitter, Facebook) for updates on operational issues	Interviews Social media Media statements Speeches	Continuously	Operational issues (e.g., delays and cancellations) as well as broader airport initiatives (e.g., the environment, enhanced services, community investment, public advocacy)
	Press releases	Continuously	Financial results, executive changes, report findings, significant operational issues



"One of the GTAA's biggest strengths is the network of businesses and communities that rely on the airport as a dynamic commercial and transportation hub. We see Toronto Pearson as a catalyst for positive environmental change in the region, leading a highly productive and low-carbon economy aligned with the provincial and federal government commitments."

CHANDRA SHARMA, Director, Watershed Strategies, Toronto and Region Conservation Authority

Our Priorities

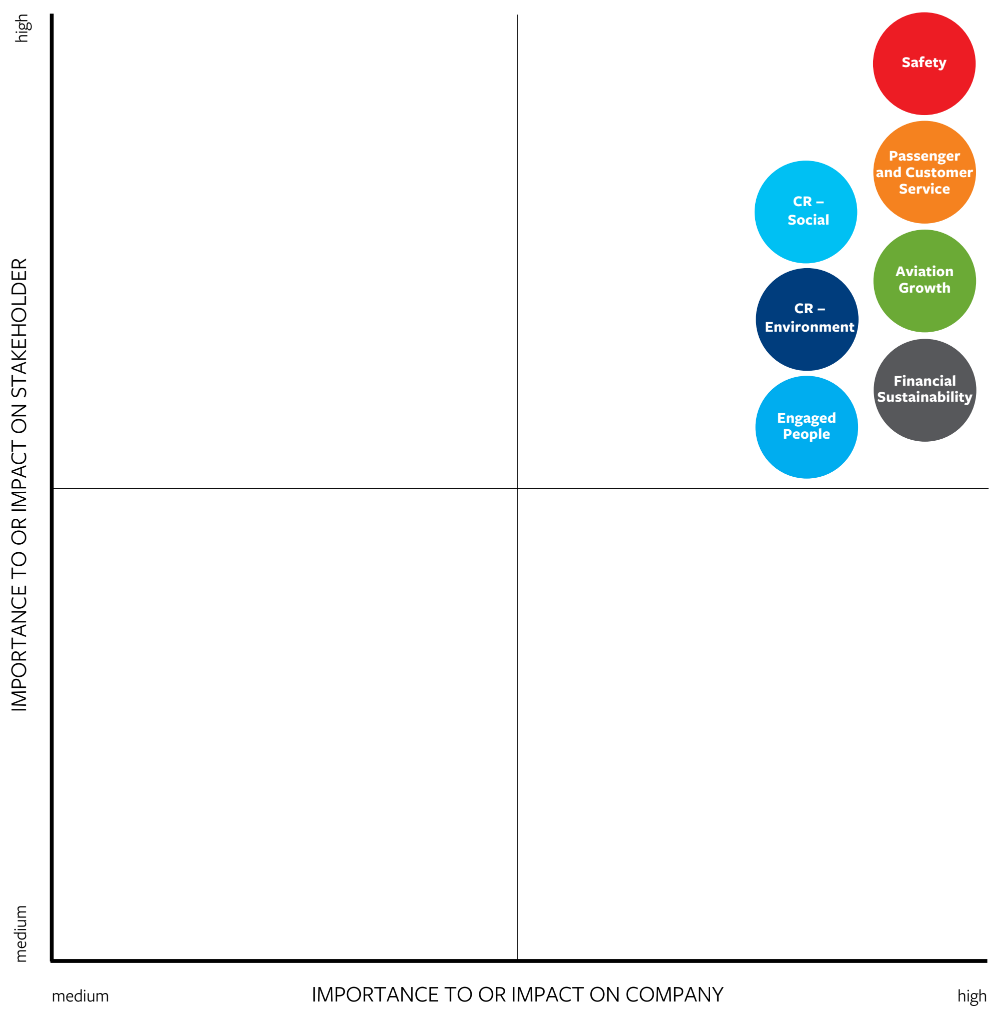
OUR APPROACH

Due to the nature of our industry, we have committed to reviewing our priority (material) topics every two years, but we address specific stakeholder priorities and concerns on an ongoing basis. We will next review our priority topics in 2016.

In our 2015 report, we have undertaken a thorough review of our priority topics by reassessing those identified in our 2014 Annual Report. To determine priority reporting topics, we considered feedback from our stakeholders, gathered through surveys and other methods outlined in the "Stakeholder Engagement" section here. We also looked at our priorities from an internal perspective – for example, how they aligned with the goals outlined in our strategic framework and practical insights shared during annual in-person interviews conducted with members of our executive leadership team.

MATERIALITY MATRIX AND PRIORITY TOPICS

The following matrix provides a present-day view of the degree of importance of our 20-year strategic goals to the GTAA and its stakeholders. The goals align with specific priority topics.



Priority Topics

Lost-time injuries (LTI) reduction
Promoting a safety and security culture
Safety and security management systems

Airport Service Quality (ASQ)
Efficient passenger flow per ICAO standards
Service Level Agreements and performance standards with major airline partners
Ground transportation

Economic impact and opportunities
Community engagement
Noise management

Airport capacity
Long-term partnerships
Public policy and compliance

Energy
Climate-change adaptation
Greenhouse gas emissions
Waste and stormwater management
Deicing and anti-icing fluid

Net income
Return on assets
Free cash flow generation
Business continuity

Employee engagement
Talent acquisition
Talent development
Rewards and recognition

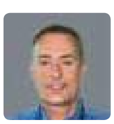
Priority Topics, Aspects and Boundaries

This table indicates the stakeholder groups that we consider when we are addressing each priority topic (i.e., those who are most impacted by, or able to influence, a topic), and it indicates how each topic aligns to specific Aspects linked to the GRI Guidelines.

Priority Topics	GRI Aspects	Boundaries
Lost-time injuries (LTI) reduction	Occupational health and safety	**Internal:** GTAA and airport employees
Promoting a safety and security culture	Training and education	**External:** Airport service providers Airport facilitation agencies Governments Industry Media
Safety and security management systems	Occupational health and safety Compliance	
Airport Service Quality (ASQ)	Customer health and safety Marketing and communications	**Internal:** GTAA and airport employees **External:** Airport service providers Airport facilitation agencies Passengers
Efficient passenger flow per ICAO standards	Marketing and communications	
Service Level Agreements and performance standards with major airline partners	Marketing and communications	
Ground transportation	Marketing and communications	
Economic impact and opportunities	Economic performance Market presence Indirect economic impacts Local communities	**Internal:** GTAA and airport employees **External:** Community residents Governments Media
Community engagement	Local communities	
Noise management	Compliance	
Airport capacity	Market presence	**Internal:** GTAA and airport employees
Long-term partnerships	Procurement practices	**External:** Airport service providers Airport facilitation agencies Community residents Governments Analysts and bondholders
Public policy and compliance	Public policy Compliance	
Energy	Energy	**Internal:** GTAA and airport employees
Climate-change adaptation	Economic performance	**External:** Airport facilitation agencies Community residents Governments Industry Media
Greenhouse gas emissions	Emissions	
Waste and stormwater management	Effluents and waste	
Deicing and anti-icing fluid	Effluents and waste	
Net income	Economic performance	**Internal:** GTAA and airport employees
Return on assets	Economic performance	**External:** Airport service providers Community residents Governments Analysts and bondholders Media
Free cash flow generation	Economic performance	
Business continuity	Economic performance	
Employee engagement	Employment Labour/management relations Training and education	**Internal:** GTAA and airport employees **External:** Airport service providers Community residents Media
Talent acquisition	Employment	
Talent development	Training and education	
Rewards and recognition	Labour/management relations	

Aviation Growth

International passengers arriving at Toronto Pearson's Terminal 1 are greeted by a new welcome mural featuring icons of Canadian culture – some familiar, some unexpected – as they descend to the customs and immigration area operated by the Canada Border Services Agency.



"We're currently experiencing growth that is at a much higher rate than previously anticipated. This means that we have to respond to greater passenger volumes by adding more terminal capacity at Toronto Pearson and by collaborating with regional airports and working with local ground transportation agencies to accommodate the significant air traffic growth that is coming to the southern Ontario region."

BARRY MACKINNON, Director, Strategy Development, GTAA

6.4%

increase in passenger volumes during 2015 as compared to 2014

80k ft^2

of redesigned pier in Terminal 3, supporting travel for 2.9 million WestJet passengers

AVIATION GROWTH

Why It Matters

Toronto Pearson is North America's second largest international gateway airport, serving over 41 million passengers in 2015. Its hub catchment area extends well beyond southern Ontario, as 150–200 million people, mainly in the northern United States, live within a two-hour flight from Toronto. But this is only the beginning. The number of passengers looking to travel through southern Ontario by air is expected to reach 90 million by 2043.

To meet unprecedented demand and remain regionally competitive, we need to collaborate with key neighbours, including nearby communities, municipal governments, airlines and industry peers, so that we are focused on creating opportunities for the region while holding true to our vision of "connecting the world through Toronto Pearson".

Our Chief Executive Officer leads our Aviation Growth Strategy, working in collaboration with the executive leadership team and the GTAA's Board of Directors so that Toronto Pearson remains focused on connecting citizens and helping Canada to compete globally.

Goals and Performance

We are committed to growing responsibly by investing in infrastructure and developing strategic partnerships that will help us meet the increasing demand for air travel. To achieve this, we have established medium- and long-term targets to increase the number of flights from Toronto Pearson, provide hassle-free passenger connections and offer good value to passengers by encouraging air carrier competition:

Goals	2014	**2015**	**2020 (projected)**	**2034 (projected)**
Passenger traffic	38.6 million	**41 million**	**51 million**	**69 million**
Aircraft movements	434,600	**444,000**	**501,000**	**599,000**
Cargo volume (tonnes)	448,600	**434,800**	**590,000**	**990,000**
IATA level of service	"Optimal"	**"Optimal"**	**"Optimal"**	**"Optimal"**

PLANNING OUR REGIONAL AIRPORT GROWTH

Our region is growing, and that growth is driving air travel demand. Forecasts show that by the mid-2030s, our region's airports will start to approach a capacity milestone. While 90 million passengers will be looking to travel through southern Ontario by air in 2043, currently planned capacity across the region's airports is estimated to be around 70 million passengers per year.

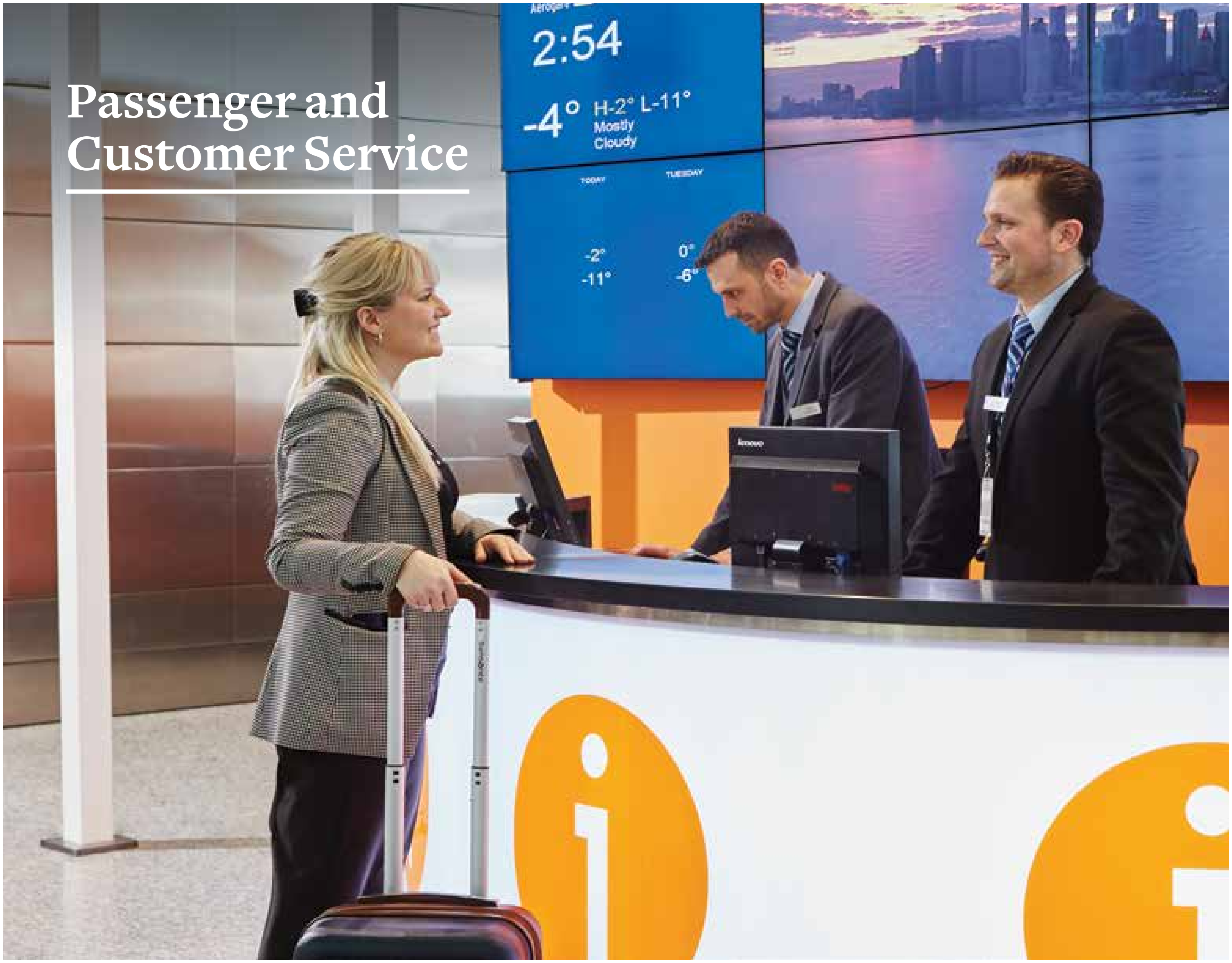
To bridge this gap, and to recognize the critical role that air travel plays in the regional economy, Toronto Pearson has led the way in working with nine other airports, from Windsor to Kingston, to think collectively about how to serve southern Ontario's long-term aviation demand through a Regional Airports Strategy.

According to Hamilton Airport's CEO Frank Scremin, "the Strategy is a regional look at air service in the GTA and southern Ontario, so that we can consider how assets and airports in the region can really work together to support that traffic demand."

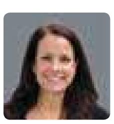
The Strategy considers the value each airport brings and how they can complement each other, so that there are opportunities to collectively plan for the future, and maximize the economic benefits for the entire region. The Strategy will address how the region's airports aim to work with air carriers in supporting an expected increase in leisure and other types of international travel.

> **"We value the GTAA's leadership in the current regional airport and ground transportation strategy, and its stewardship in encouraging airports to work together to grow air service in the region. This effort is about developing a collaborative strategy that benefits the entire region because of the increased economic activity that airports enable."**
>
> **FRANK SCREMIN,** President and CEO, John C. Munro Hamilton International Airport

Passenger and Customer Service



GTAA passenger service representatives on the arrival level of Terminal 1 assist an international traveller. Representatives are available in both terminals to provide information and assistance to passengers and people meeting their flights.



"Over time, it will be more 'peak' all of the time. To improve operational efficiencies, we will need to be better integrated with our partners, so that we have the same view of what's happening in the operation and can make the appropriate decisions when responding to a disruption. With technologies, including Wi-Fi and Bluetooth, we can also do more to understand how we can increase revenue and shorten security queues."

JANIK REIGATE, Director, Customer and Agency Development, GTAA

4.16

Airport Service Quality (ASQ) score

31%

non-aeronautical revenues out of total revenues

PASSENGER AND CUSTOMER SERVICE

Why It Matters

Passengers and customers directly influence Toronto Pearson's long-term growth and viability. So we are committed to delivering exceptional service and an outstanding passenger experience. This is the very core of our operations, guided by our mission: "passengers are our passion".

As the operator of Toronto Pearson, we are committed to serving both passengers and our customers, along with the airlines and other businesses located at Toronto Pearson. The GTAA also works closely with partners, including the Canadian Air Transport Security Authority, to ensure that everything at the airport runs smoothly and efficiently.

Led by the Vice President of Customer and Terminal Services, our passenger and customer service strategy and goals are developed in close collaboration with other departments, including Airport Planning and Technical Services, Human Resources, Stakeholder Relations and Communications, and Information Technology.

Together with our customers and strategic partners, we collectively work toward improving the efficiency of our "flow" and strengthening our service standards.

Goals and Performance

We are committed to establishing Toronto Pearson as the airport of choice for travellers. To meet this commitment, we have established medium- and long-term targets to improve our Airport Service Quality and passenger flow:

Goals	2014	**2015**	**2019 (projected)**	**2033 (projected)**
ASQ score and global rank (in size class)	4.06 13th	**4.16** **12th**	**Top 10 of world airports (in size class)**	**Top 5 of world airports (in size class)**
Passenger flow	Over 3,000 wayfinding signs were replaced in 2014	**3,598 more signs replaced during 2015/2016** **Worked with our partners in security and border control to continue improving passenger flow**	**Consistently meet ICAO standards**	**Consistently meet ICAO standards**

WELCOMING THE WORLD TO TORONTO

The Welcome Team is a community-based program, involving nearly 200 volunteers who have directly helped over a million passengers make their way through Toronto Pearson – welcoming the world to the Greater Toronto Area. Welcome Team members are in several locations throughout Terminals 1 and 3, greeting passengers as well as providing basic information and directions.

Many Welcome Team volunteers say they enjoy helping others and being part of a team of people who share similar interests in aviation and customer service. These volunteers complement Toronto Pearson's passenger service staff, and appreciate having the opportunity to spend time behind the scenes at the airport.

Welcome Team members are provided with a uniform and complimentary parking for the days they are volunteering at Toronto Pearson; receive training and further mentoring from other airport employees and experienced Welcome Team members; and are shown appreciation through social events and activities.

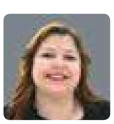
For more information on our Welcome Team volunteer program, or to learn how to participate in a Volunteer Information Session, visit www.torontopearson.com/en/careers/welcometeam.

> "Since spring 2015, I've enhanced the experience of more than 2,000 passengers travelling through the airport. My volunteer experience has also given me valuable insights. As an architect with a focus on the design and planning of airports, I understand passenger challenges and what it takes to deliver an efficient, successful airport terminal. You must be sensitive to the needs of passengers."

DEREK CHAN, Architect (Stantec) and Welcome Team volunteer

People

At the GTAA Evening of Excellence in June 2015, Selma Lussenburg, Vice President, Governance, Corporate Safety and Security, General Counsel and Corporate Secretary (left), and CEO Howard Eng presented an award to GTAA employees Carol Kavish and Hager Ibrahim for their work in establishing the Toronto Pearson Safety Program, which promotes a culture of safety and security among all airport employees.



"It's a dynamic and really exciting point in time for our people who take tremendous pride in what we are building. But there is still work to do to bring everybody on the journey."

BETH ANDERSON-FORREST, Director, Organizational Development, GTAA

56%

employee engagement score (48% in 2014)

227

new hires

PEOPLE

Why They Matter

Creating a workplace with engaged, driven and team-oriented people is critical to our success. To be dedicated to delivering outstanding service, all GTAA employees must be committed to achieving our vision to be "the best airport in the world" – taking pride in their role and in the organization they represent.

To align our culture to support this vision, we established Our Connection in 2015 – a framework that serves as a cornerstone for achieving our strategic goals. By focusing on our values, leadership behaviours and Rules of the Runway – results, safety, accountability, teamwork and relationships – we work and win together. Starting with our leaders and moving right across the organization, the GTAA is leading by example, and creating a high-performing workplace where everyone can make a difference and contribute to our success.

We have a diverse and highly capable group of executives who guide the organization. In addition, we are building a talent pipeline of front-line employees, capable managers and inspiring leaders who will ensure our long-term, sustained success.

Our Vice President of Human Resources has full accountability for our People Strategy to create an engaged, high-performing workforce that is focused on making a difference by delivering superior service and operational excellence.

Goals and Performance

We are committed to being an employer of choice by attracting, developing and retaining the right talent while fostering a high-performing workplace culture. To meet these commitments, we have established medium- and long-term targets to guide our progress on the journey.

Goals	2014	**2015**	**2019 (projected)**	**2033 (projected)**
Employee engagement (Aon Hewitt methodology)	48%	**56%**	**Top-quartile performance**	**Employer of choice**
Culture (best practice methodology)	50%	**61%**	**Top quartile performance**	**High-performing workplace**

TAKING OWNERSHIP OF OUR DEICING OPERATIONS

Deicing is a critical service that we provide to our airline partners, to ensure they can depart safely when winter weather is at its coldest and messiest. In April 2015, we initiated the Deicing Project to take full ownership of a service we had previously contracted to a third party. Our goal was to complete recruitment, training and onboarding by October 1, 2015.

To achieve this goal, teams from several departments collaborated to determine how we could use proven tools and approaches to recruit top talent. We conducted two job fair events, which yielded more than 600 quality applicants, and we successfully recruited 170 front-line and management employees in just four months. These new colleagues were onboarded, trained and ready to contribute at the deicing facility before the first snowstorm of the season.

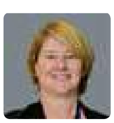
Since assuming direct management of the deicing operation, the GTAA team has achieved exciting new service benchmarks, and has also received positive feedback from colleagues and airline partners alike.

"We brought them on board and got them up and running for the first snow. It was completely seamless. It's a story we are very proud of in terms of teamwork and collaboration, and one where we directly contributed to meeting business and customer service objectives."

VALERIE DUFFEY, Vice President, Human Resources, GTAA

Safety

Aviation Safety Officer Rita Andricciola patrols the airside roadways, aprons and taxiways at Toronto Pearson, checking employees' security passes, enforcing ground vehicle speed restrictions and helping to maintain a safe environment on the airfield.



"A safety culture has been reinforced within Airport Planning and Technical Services (APTS) through the introduction of the SafeStart safety training program. This program educates employees on safety best practices at home and on the job by helping them recognize the states or conditions that can cause critical errors and increase the risk of injury – and mitigate the safety risks accordingly. Due to the success of this program, the GTAA is developing a similar robust, tailored program in 2016."

JENNIFER SULLIVAN, Director, Corporate Safety and Security, GTAA

22.4k

airport employees participated in the Toronto Pearson Safety Program

302

Safety Recognition Awards given in 2015

SAFETY

Why It Matters

Forty-two million people pass through our doors each year and it is our responsibility that each passenger, employee and visitor arrives home safely to their friends and families at the end of the day.

The vision of the Toronto Pearson Safety Program is zero injuries to any employees who work at, passengers who fly through, or guests who visit Toronto Pearson. The GTAA's vision is supported by the concept that all injuries and accidents can be prevented. To support this vision the GTAA has developed a program that encompasses all areas of safety at Toronto Pearson: Aviation Safety, Security, Terminal and Groundside Safety, Environment, Technical and Construction, Occupational Health and Safety, and Emergency Management.

We work directly with our people to improve safety practices and performance, and we set goals with our contractors. We have implemented the SafeStart training program to help our people to plan, think and act with a safety lens, and we have mandated that our contractors be COR™ certified by January 1, 2017 (COR™ is an occupational health and safety verification program).

Implementation of our Safety Strategy is primarily the responsibility of our Vice President of Governance, Corporate Safety and Security, although our executive team and managers are accountable for the adoption of all applicable safety policies, programs, practices and training.

Goals and Performance

We are committed to continually improving safety for all who work at and travel through the airport. To meet this commitment, we have established medium- and long-term targets to improve our safety performance, and the performance of our contractors:

Goals	2014	**2015**	**2019 (projected)**	**2033 (projected)**
Toronto Pearson Safety Index (lost-time injuries per million enplaned plus deplaned passengers)	12.60	**14.23 (29.6 percent reduction from 2014)**	**5% reduction per year, from 2013 levels**	**0 lost-time injuries vision**
Number (or percentage) of contractors COR™ certified	6	**38**	**100% certification (by 2017)**	

GTAA LEADS INAUGURAL CANADIAN AIRPORTS SAFETY WEEK

As part of the inaugural Canadian Airports Safety Week in August 2015, two dozen Canadian airports worked together to strengthen awareness of healthy and safe work practices among airport employees.

Canadian Airports Safety Week is an airport-led initiative that the GTAA championed and developed to reach thousands of airport employees at 24 airports, using themed displays, discussions, and events and activities.

"Safety has always been a top priority for Canada's airports. This week, our airport authorities are making sure their employees are up to speed on the many risks and challenges they face working in the airport environment," said Daniel-Robert Gooch, President of the Canadian Airports Council.

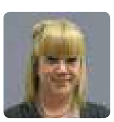
For one week in August 2015, participating airports and airport authorities promoted awareness of various safety themes: hazard reporting, worker safety, airport security, airside vehicle operations, foreign object debris removal, construction safety and security, and environmental concerns.

For more information on Canadian Airports Safety Week, visit www.cacairports.ca.

> "This teamwork among our airports to reinforce safe workplace practices demonstrates our industry's commitment to the safety of all passengers and employees. It's a very worthwhile initiative and one that we would like to see expanded to even more airports next year."
>
> **DANIEL-ROBERT GOOCH,** President, Canadian Airports Council

Social Responsibility

Members of VIBE Arts, a not-for-profit that provides arts education to children and youth in under-resourced neighbourhoods. The GTAA partnered with the group to create several collaborative art installations at Toronto Pearson, including a mural to welcome Syrian refugees who began arriving through our airport in December 2015.



> "Community Relations plays a crucial role in the airport's work to be a good neighbour. It is our responsibility to understand our communities, and act as their representatives when plans are being considered that could affect them. This work is integral to helping the airport to grow in a responsible and sustainable way."

ROBYN CONNELLY, Director, Community Relations, GTAA

9,037

people participating in programs sponsored by the Propeller Project

$214k

raised for the Propeller Project by the 2015 Runway Run

SOCIAL RESPONSIBILITY

Why It Matters

We provide opportunities (e.g., employment and community support) to newcomers and many people who live in the Greater Toronto Area, but we also must address the concerns of citizens who are worried about noise and other impacts from our operations.

We know that changes aimed at accommodating growing passenger demand will create challenges for some of our neighbours. But we are dedicated to engaging with our stakeholders through community improvement initiatives, such as regularly scheduled town hall meetings, Propeller Project investments and committees (e.g., the Community Environment and Noise Advisory Committee), so that their feedback can help us plan for the future. We use these opportunities to critically evaluate our options and to continue to earn our social licence to grow amid a community of more than 3.3 million people.

Our Stakeholder Engagement program, led by our Vice President of Stakeholder Relations and Communications, is part of our Corporate Responsibility Strategy. The program calls for significant collaboration with Aviation Services, Airport Planning and Technical Services (APTS) as well as other groups within the GTAA.

Goals and Performance

We are committed to establishing and maintaining positive and constructive relationships with local businesses, governments and residents. To meet this commitment, we have established medium-term targets to improve our social responsibility performance:

Goals	2014	**2015**	**2016 (projected)**	**2019 (projected)**
Noise	The GTAA conducted in-depth consultations on extending the boundaries for noise complaints beyond the original 10 nautical miles. As of January 1, 2015, we now respond to all residents of the Greater Toronto Area who feel they may be affected by airport traffic	**In July 2015, the GTAA and NAV CANADA started a three-phase Noise Mitigation Initiatives Engagement Plan with communities across the Greater Toronto Area, beginning with stakeholder roundtables**	**Public consultation and input gathering for Noise Mitigation Initiatives Engagement Plan**	**Continuous improvement – noise management action plan (ongoing)**
	14,740 noise complaints 1,162 callers	**24,530 noise complaints** **877 callers**	**N/A**	**N/A**
Community trust building	Increased presence at community events	**The GTAA and NAV CANADA began a three-phase Noise Mitigation Initiatives Engagement Plan with surrounding communities** **Shared information through community open houses**	**New community survey**	**Improved survey results**
Community investment	Community Investment Program supported five community programs for a total investment of $189,500	**9,037 Propeller Project participants** **Nearly $214,000 raised through the Runway Run**	**Evaluate corporate and community event practices to identify and implement greening opportunities** **Announce enhanced community investment funding**	**Continue programming that invests back into the community**

Goals	2014	**2015**	**2016 (projected)**	**2019 (projected)**
Ground transportation	Worked with the regional airports and ground transportation stakeholders on developing a Regional Airport and Ground Transportation Strategy	**Completion of UP Express** **"Toronto Pearson: Growth, Connectivity, Capacity: The Future of a Key Regional Asset" (white paper)** **Employee shuttle service from the administration building to Terminal 1**	**Align with "Pearson Connects: A Multi-modal Hub to Prosperity" (regional transportation report)**	**Continued study and implementation of hub** **Community visioning exercise completed**
Regional Airports Strategy	Fact-based development	**Fact-based validation and stakeholder engagement**	**Southern Ontario Airport System Strategy**	**Align with Regional Airports Strategy**

BUILDING BEAUTY THROUGH GRASSROOTS COMMUNITY ART PROJECTS

Since 2010, we have partnered with VIBE Arts, a Toronto-based charity that provides marginalized children and youth with high-quality arts education, to develop a series of art installations at the airport and in nearby communities.

In 2015, we supported three VIBE Arts projects that involved over 500 young people: Welcome 41, which featured 60 murals that welcomed athletes, coaches and families to Toronto for the Pan Am Games; the T3 Mural Project, a combination of paintings and mosaics in a 50-foot mural displayed in the baggage-claim area; and, most recently, a collection of six murals, developed in collaboration with airport volunteers, welcoming incoming Syrian refugees.

The T3 Mural Project involved several young people, who were tasked with conducting three days of interviews with airport employees. "We had eight of them scour the airport at all levels and ask employees all sorts of questions that really got down to understanding their experiences in working with the GTAA," notes Julie Frost, Executive Director and Artistic Director at VIBE Arts. "It was so refreshing to have them trust that the kids could do it. It was such a learning environment."

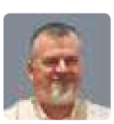
We believed that entrusting these young people to ask questions would bring us new and refreshing perspectives, since adults tend to speak to kids differently, sometimes more openly. And they did.

"The GTAA demonstrates such civic care, down to the roots. They have an authentic sense of caring for the city – in particular, the people who live within it – and understand what collaboration means."

JULIE FROST, Executive Director and Artistic Director, VIBE Arts

Environmental Responsibility

Beekeeper Kuldip Jassal tends the hives at Toronto Pearson's honeybee apiary, YYbeeZ, situated along the trail near the Etobicoke Stormwater Facility. The project was established in 2015 to support food security and sustainable agriculture in the airport's surrounding communities.



"Our three main objectives are to mitigate our environmental impact, demonstrate compliance and support the social licence to grow. We are involved in a number of initiatives, from stormwater quality management to air quality. It is also about small initiatives like our YYbeeZ apiary, which is a small story, but gives us a greater understanding of how we can do things with an eye on the bigger picture."

DEREK GRAY, Manager, Environmental Services, GTAA

6th place

ranking in Future 40 Responsible Corporate Leaders in Canada (Corporate Knights)

50%

reduction in GHG emissions since 2006

ENVIRONMENTAL RESPONSIBILITY

Why It Matters

We know that Toronto Pearson's operations and activities can impact local ecosystems and contribute to climate change. Through our commitment to research and testing, responsible planning and collaboration with partners, including the Toronto and Region Conservation Authority, we are driven to understand and minimize our impacts on local communities and the environment – which helps us to earn our social licence to grow.

While we are engaged in policy discussions through our involvement with regional and industrial associations, we are often able to quickly adapt to municipal, provincial and federal environmental regulation changes. Through our involvement with initiatives such as Partners in Project Green, we are focused on ways that we can work with like-minded peers within our regional *eco-zone* to balance the GTAA's need for capturing new market opportunities and our non-negotiable role as environmental stewards.

Implementation of our environmental program within the GTAA's Corporate Responsibility Strategy is led by our Vice President of Airport Planning and Technical Services (APTS). Support is provided through collaboration with several groups within the GTAA, including Human Resources and Information Technology. The Environmental Program is evolving to reflect Toronto Pearson's new Corporate Responsibility Strategy and to meet the requirements of the new ISO 14001 Standard. It will be reported on in 2016.

Goals and Performance

We are committed to improving energy consumption and greenhouse gas emissions, waste management, air quality and water quality. To meet this commitment, we have established medium- and long-term targets to improve our environmental performance:

Goals	2014	**2015**	**2016–2019 (projected)**	**2033 (projected)**
Stormwater	Updated stormwater-flood study to determine what changes to its operational practices could be considered to prevent airport flooding during severe storms	**Implemented results of flood study to improve operational practices to prevent airport flooding during severe storms**	**Maintain, improve and adapt to climate change**	**Maintain, improve and adapt to climate change**
Ambient air quality	Improve air quality at the airport to ensure meeting of federal/provincial air quality guidelines	**Completion of Air Quality and Human Health Risk Assessment Study**	**Develop and implement an action plan associated with the Air Quality and Human Health Risk Assessment Study (2016)**	**Implement action plan, which may impact ambient air quality**
Solid waste	Reduce waste and promote recycling programs	**71% solid waste diversion for Compass-serviced buildings**	**Develop a road map for the GTAA to achieve zero waste (2017)**	**Zero waste**
GHG emissions and climate change	Reduce the airport's impact on climate change and meet or exceed future climate change regulations	**50% reduction in GHG emissions since 2006**	**Develop GHG policy 2.0**	**80% reduction from 2006 levels (2050)**
Energy consumption	Implement energy conservation initiatives and project work to reduce our energy consumption by 1,980 MWh	**Conducted a feasibility study for compressed natural gas** **Utilization on fleet vehicles** **Implemented the energy conservation and efficiency initiatives identified in the 2015–2019 Energy Master Plan to reduce consumption by 3,200 EMW**	**Continue to implement energy conservation and efficiency initiatives identified in the 2015–2019 Energy Master Plan to reduce consumption by 3,200 EMW** **Reduce consumption by 3,200 EMW – a 2% reduction per year (2019)**	**Continue to implement Energy Master Plan**

Assessing Our Impact on Air Quality and Human Health

We take our obligation to manage growth and sustainability very seriously – this includes continuously improving our environmental programs and committing to understanding our impacts so that we can develop programs to lessen those impacts. We can deliver on this commitment through efforts such as our most recent Air Quality and Human Health Risk Assessment Study.

For this study, we worked with external consultants to understand how the airport's emissions will affect its surrounding communities between 2011 and 2032. This project served as an update to a study conducted in 2004, and is not a mandatory exercise for Toronto Pearson.

The study considered the chemicals that are present on the airport property and in surrounding areas, the overall composition of the air within the region and the possibility of any health risks for those who live, work and play in the airport region. Also, a Community Advisory Committee, composed of industry and community stakeholders, has been formed to provide advice throughout the process and ensure that best practices are being met.

From the study, we have learned that despite our anticipated growth, "the general population is not likely at risk of adverse health effects due to Toronto Pearson's operations." Regardless, we will be developing a comprehensive air quality strategy with three key areas of focus:

- leverage relationships developed with agencies that are part of the Community Advisory Committee;
- update and improve air quality monitoring at Toronto Pearson; and
- continue to help bring changes that will improve local air quality for Toronto Pearson employees and our neighbours.

TAKING A SYSTEMS APPROACH TO TACKLING CLIMATE CHANGE

Ontario's greening power grid has contributed to Toronto Pearson nearly halving its GHG emissions since 2006. Yet we have set our eyes on a more ambitious goal of an 80 per cent GHG emissions reduction by 2050. While aviation demand will continue to rise, we are taking a system-wide approach to consider small and significant changes to our operations for meeting this goal.

Toronto Pearson has initiated several energy-efficiency programs, including replacing metal halide lights with LEDs, and installing energy-efficient variable-speed drives for its baggage systems. Also, some airport employees are being shuttled in a small fleet of electric cars, and planes can now plug into Toronto Pearson's auxiliary power supply instead of running their own engines and burning jet fuel.

Toronto Pearson will continue to focus on reducing emissions through low-carbon technologies and adaptation measures. The plan is to cut down on the use of natural gas, a fuel that was considered a solution to addressing Ontario's previously coal-dependent power grid. Our biggest opportunity now and going forward will be natural gas reductions, including the use of our co-generation facility during high-peak periods.

We are also looking into the option of collecting and examining aircraft data gathered during taxiing and queuing for takeoffs, to consider ways that airplanes could minimize the distance and number of movements made on the runway.

"Aside from the environmental benefits, the transition to a low-carbon diet is, in itself, a good business decision. We do not want to wait for a GHG cap to be imposed on us, or a carbon tax. We want to do our part now and be able to benefit from that foresight when these things come into effect."

TODD ERNST, Director of Aviation Infrastructure, Energy and Environment, GTAA

Sustainability Performance Scorecard

Goals and Performance Metrics	2014	2015	Projected
Aviation Growth			
Passenger traffic (millions)	38.6	**41**	**51 (year 2020)**
Aircraft movements (thousands)	434.6	**444**	**501 (year 2020)**
Cargo volume (tonnes)	448,000	**434,700**	**590,000 (year 2020)**
Capital investment ($ thousands)	121,826	**284,800**	**Terminal Master Plan Options + Ground Transportation Centre concept development**
Regional Airport and Ground Transportation Strategy development		**Released "Toronto Pearson: Growth, Connectivity, Capacity" report on regional airport planning (developed by the Urban Land Institute)**	**Preferred long-term strategic direction and options identified with regional airport stakeholders, plus medium-term plan for aviation cooperation in southern Ontario region**
New international services	9	**9**	**6**
Passenger and Customer Service			
Airport Service Quality score and ranking (>40M size class) – overall passenger satisfaction with airport	4.06 (rank: 13th)	**4.16 (rank: 12th)**	**Top 10 of world airports (in the same size category) for ASQ (2019)**
Wayfinding and directional signage	Launched a free mobile app for iPhone and Android users for help with wayfinding	**3,598 sign blades**	**Convenient and efficient wayfinding and signage for all airport users**
Customer complaints per million passengers	64.9	**61.6**	**60.2 (2016)**
Customer compliments per million passengers	21.2	**10.1**	**10.1 (2016)**
People			
Employee engagement (Aon Hewitt methodology)	48%	**56%**	**Top-quartile performance by 2019**
Average salary ($)			**The GTAA embraces its obligations under federal employment equity and human-rights legislation; hiring practices are determined based on the individual, irrespective of the gender and background of employees**
Women – managers	$112,480	**$109,717**	
Women – non-managers	$67,425	**$68,764**	
Men – managers	$114,480	**$116,464**	
Men – non-managers	$74,600	**$75,096**	
Diversity (% of employees)			**The GTAA embraces its obligations under federal employment equity and human-rights legislation; hiring practices are determined based on the individual, irrespective of the gender and background of employees**
Women	29.2%	**26.8%**	
Aboriginal peoples	0.8%	**0.9%**	
Persons with disabilities	0.8%	**0.9%**	
Visible minorities	18.7%	**19.3%**	
Safety			
Toronto Pearson Safety Index (lost-time injuries per million enplaned plus deplaned passengers)	A reduction of 9.4% from 2013	**A reduction of 29.6% from 2014**	**Zero lost-time injuries vision**

Goals and Performance Metrics	2014	**2015**	**Projected**
Corporate Responsibility – Environment			
Stormwater		**Refer to GRI Supplement**	
Ambient air quality	Conducted Air Quality and Human Health Risk Assessment Study	**2015 Air Quality and Human Health Risk Assessment Study results released**	**Develop and implement an action plan associated with the Air Quality and Human Health Risk Assessment Study**
Solid waste	66%	**Achieved a 71% diversion for Compass-serviced buildings**	**Develop a road map for the GTAA to achieve zero waste (2017)**
GHG emissions and climate change	Reduced GHG emissions by 50% (base year 2006)	**Airport Carbon Accreditation Program – Level 2**	**Develop GHG policy 2.0 (2016)**
Electricity consumption	Electricity consumption: 280,470 MWh	**Electricity consumption: 287,341 MWh** **For a complete list of 2015 energy conservation projects, refer to the GRI Supplement**	**Implement the energy conservation and efficiency initiatives identified in the 2015–2019 Energy Master Plan to reduce consumption** **Terminal 3 redevelopment – implement strategies focused on overall energy reduction in the T3 Enhancement Project**
Natural gas Gasoline Diesel consumption	Natural gas: 900,479 GJ Gasoline: 485,544 litres Diesel: 1,682,979 litres	**Natural gas: 1,773,797 GJ** **Gasoline: 487,106 litres** **Diesel: 1,246,494 litres** **Conducted a feasibility study for compressed natural gas utilization on fleet vehicles**	**Exploring options to reduce fuel usage by encouraging employees to use the Employee Shuttle Pilot Program**
Sustainable transportation	Smart Commute – Silver Workplace	**Smart Commute survey administered** **20% of GTAA employees used a sustainable form of transportation as their primary mode to/from work**	**Increase the number of employees using a sustainable form of transportation as their primary mode to/from work to 25%**
Corporate Responsibility – Social			
Noise	14,740 complaints 1,162 callers	**24,530 complaints** **877 callers**	**Review and discuss feasibility of preliminary ideas from stakeholder roundtables to mitigate impacts due to flight paths and aircraft noise**
Community investment impact (Propeller Project participants)	420 participants	**9,037 participants**	**Support community investment opportunities and get great neighbourhood building initiatives off the ground**
Ground transportation	Worked with the regional airports and ground transportation stakeholders on developing a Regional Airport and Ground Transportation Strategy	**Employee Shuttle Pilot Program to transport employees to and from the terminal – reduce single use vehicle travel** **Released a white paper: "Toronto Pearson: Growth, Connectivity, Capacity"**	**Release "Pearson Connects: A Multi-modal Hub to Prosperity" – a report examining the economic, social and environmental benefits of a multi-modal travel hub**

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ANNUAL PUBLIC MEETING

The GTAA's Annual Public Meeting will be held on May 11, 2016, at 1:30 p.m. at the Toronto Congress Centre.

PUBLIC INFORMATION

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PUBLICATIONS AVAILABLE

The GTAA offers publications on a variety of topics. Please visit www.torontopearson.com/en/gtaa/publications to view the complete list, or email your request to Publication@GTAA.com.

WE WELCOME YOUR FEEDBACK.

If you have any questions or comments regarding this report, or suggestions for topics you'd like to see covered in future reports, please write to us at the address opposite ("Attention: Stakeholder Relations and Communications") or send an email to Publication@GTAA.com.

Thanks for your interest.

The Greater Toronto Airports Authority (GTAA) was incorporated in 1993 and manages Toronto Pearson International Airport under terms set out in our December 1996 lease with the Canadian federal government.

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