EDMONTON AIRPORTS
STRATEGIC PLAN
2015–2020
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Our long-term intentions are captured in the 2010 Master Plan, whose 25-year outlook is the framework that shapes all development activity. This master plan is executed through five to six-year strategic plans. Together, these strategic plans provide medium-term direction and maintain momentum towards larger goals, in a time span that offers flexibility in responding to changes in our operating context. Our short-term intentions are identified in our annual business plan, a tactical outline of the deliverables that will move our organization towards its larger goals.

The scope of this 2015-2020 Strategic Plan includes our operations at Edmonton International Airport (EIA) within the framework of Edmonton Airports’ larger management portfolio. This portfolio includes Villeneuve Airport and EIA.

Edmonton Airports is a community-based, financially independent, not-for-profit corporation operating in the public interest. Our operations reflect our core values, ensuring that our business position is both strong in the present and sustainable in the future. Therefore, our strategic plan considers both what we do and how we do it. Our strategic process includes a review of our performance, environment, and operating context to ensure effective, flexible and resilient processes as we move forward.

1B STRATEGIC DRIVERS

Our strategy is driven by our mission and vision, and focuses on honouring and respecting our core values while delivering our major overarching goal of increasing passenger numbers. Effective January 1, 2015, our total passenger count will be adjusted to include general and business aviation passengers in addition to commercial passengers, as is consistent with practices at other major Canadian airports. To reflect this change, our strategic medium term goal has been adjusted upwards to 12 million enplaned and deplaned passengers by 2020.

Safety and security first
We ensure that the safety and security of our customers, staff, facilities and environment is a primary concern in all aspects of doing business.

Own the outcome
We are motivated by customer expectations in providing quality facilities and services in a customer-sensitive and service driven manner.

Doing the right things right
We are accountable for all our actions including financial management and act honestly and respectfully in our business relations, usage of our resources, treatment of our customers and each other, and in the general conduct of our business.

Invested in our talent
People are our most important resource; we work together to foster an open and cooperative environment that encourages teamwork, communication and mutual respect.

Dedicated to sustainability
We are committed to responsibly managing all of our assets to advance our region’s environmental stewardship, social well-being and economic prosperity.

VISION
More flights to more places.

MISSION
Driving our region’s economic prosperity through aviation and commercial development.

GOAL
12 million annual enplaned and deplaned passengers by 2020.*
A balanced scorecard is a comprehensive framework that translates a company’s vision and strategy into a coherent set of performance measures. This tool views the organization from a holistic range of perspectives and articulates desired outcomes and the drivers of those outcomes. EIA’s scorecard translates corporate mission and strategies into set objectives and measures that are organized across five key perspectives:

- **Passenger**: Enhance passenger experience
- **Financial**: Improve financial sustainability
- **Community**: Improve social & environmental sustainability
- **Operations**: Enhance airline productivity
- **Learning & Growth**: Exemplify exceptional leadership

**FINANCIAL: VOICE OF THE BUSINESS**

**Improve financial sustainability**

The Financial perspective allows managers to track financial success. Sustainable financial management creates the stability needed for successful long-term planning. Our strategy calls for investments earlier in the six-year planning cycle that are intended to drive revenue increases in the latter half of the planning cycle. We will support this approach by managing processes effectively, assessing and mitigating risks, and regularly monitoring and reporting performance.

**COMMUNITY: VOICE OF THE COMMUNITY**

**Improve social & environmental sustainability**

The Community perspective considers the key parameters necessary for the organization to operate effectively and responsibly in the context of its neighbours, partners, stakeholders and environment. We must responsibly manage our resources to advance our region’s environmental stewardship, social well-being and economic prosperity. We will address this perspective by building skills in sustainability best practices, increasing transparency in reporting and monitoring, engaging stakeholders to ensure operations reflect their needs, and ensuring that operations reflect our core values.

**OPERATIONS: VOICE OF THE PROCESS**

**Enhance airline productivity**

The Operations perspective outlines the key airport-wide processes. We will assure effective processes by creating standards and measures in key performance indicators for operational excellence, such as on-time departure, security wait times and efficiency, operational downtime averages, and safety and security performance. This perspective strategically aligns us with the interests of airlines, which are key partners and stakeholders.

**LEARNING & GROWTH: VOICE OF THE EMPLOYEE**

**Exemplify exceptional leadership**

The Learning and Growth perspective covers the intangible drivers of future success such as human capital, organizational capital and information capital, including skills, training, organizational culture, leadership, systems and databases. We are committed to shifting to a cohesive work environment by improving work design, clarifying accountabilities, developing talent, leading exceptionally, integrating the way we work and enhancing employee experience.

**PASSENGER: VOICE OF THE PASSENGER**

**Enhance passenger experience**

The Passenger perspective is a critical factor in differentiating EIA from other travel options and in creating preference and affinity. We will support this by placing passengers at the heart of our business model, developing products and services that meet their needs and exceed their expectations while linking them to the business and leisure destinations of their choice. Since passengers are a core business driver for both airlines and airports, our attention to passengers supports our mutual success.
## STRATEGIC OBJECTIVES 2020 TARGETS

### FINANCIAL: VOICE OF THE BUSINESS

- **Improve financial sustainability**
  - Total revenue $310 million (2014 $204 million)
  - EBITDA margin 55.6% (2014 46.6%)
  - 12 million passengers
  - Operating expense of $15.29 per enplaned passenger**

### PASSENGER: VOICE OF THE PASSENGER

- **Enhance passenger experience**
  - ASQ Overall satisfaction score of 4.50 (2014 YTD 4.32)

### COMMUNITY: VOICE OF THE COMMUNITY

- **Improve social & environmental sustainability**
  - Report in accordance with GRI Comprehensive guidelines
  - Energy consumption Intensity (J/m²)
  - Community investment impact ($)

### OPERATIONS: VOICE OF THE PROCESS

- **Enhance airline productivity**
  - On-time departure rate of 89% (2014 84%)

### LEARNING & GROWTH: VOICE OF THE EMPLOYEE

- **Exemplify exceptional leadership**
  - Employee engagement survey score 75% (2014 75%)

### MEASURES

- Revenue ($)
- EBITDA margin (%)
- Passengers (#)
- Operating expense per enplaned passenger (E-pax)**

### INITIATIVES

- Air service development
- North terminal redevelopment
- EIA Rewards program
- Highway commercial development
- Cargo development
- EIA Rewards program
- Passenger facilitation
- Passenger experience
- Develop a sustainability report to GRI Comprehensive guidelines
- Increase understanding of community interests
- Passenger facilitation
- Enterprise resource planning
- North terminal redevelopment
- Full life-cycle asset management program
- Villeneuve development
- Leadership development programs
- Employee engagement improvement program

**Excludes Canada lease rent and air service incentives.**
ECONOMIC

The Global View

International Monetary Fund has lowered the global GDP forecasted annual increase for 2014 from 3.6 per cent in April 2014 to 3.4 per cent in its July 2014 update, citing the legacy of weak first quarter (especially in the U.S.) and a less optimistic outlook of the emerging markets, including China. Its projection for 2015 remains at 4 per cent.

Economies in both advanced and emerging markets are expected to pick up growth in the second half of 2014 and into 2015 albeit at a still relatively moderate pace. Both the Americas and the Eurozone are anticipated to see their economies grow at a slightly faster pace in 2015 than experienced in 2014. These forecasts are based on a gradual decrease in geopolitical tensions and increased industrial investment.

Downside risks to global growth have increased since the spring and include the following:

- Rising geopolitical risks in the Middle East and the Ukraine
- Many equity markets are at all-time highs while long-term yields have declined increasing the risk for a correction in financial markets
- Eurozone continues to face a prolonged period very low inflation with the possibility of outright deflation in some countries
- Potential growth in emerging markets has declined resulting in decreased growth assumptions for 2015

Source: International Monetary Fund – October 2014
See Section 5: Appendix for all economic tables.

Closer to Home

The energy sector directly accounts for nearly 10 per cent of Canada’s GDP, and close to 25-30 per cent in the oil producing provinces of Alberta, Saskatchewan and Newfoundland/Labrador (CIBC World Markets Inc. – Economic Insights – December 18, 2014). Due to declining oil prices, new investment by the Oil & Gas sector is likely to be limited in 2015. The impact of oil prices on established oil sands projects is also limited as their production costs range from $50 to $65 per barrel (however some mega projects like the new Suncor/Total SA project at Fort Hills have production costs of around $90 per barrel according to a study by BMO Nesbitt Burns). These projects could be at risk if the low prices remain persistent. However, projects tend not to be so sensitive to short-term price fluctuation given their longer-term focus and large fixed costs of production. Any weakening in investment in the Energy Sector is expected to be offset by increased demand for non-energy exports and commensurate investment by those industries. With the projection of U.S. recovery and the depreciation of the Canadian dollar relative to the U.S. dollar, Canadian exports will continue to accelerate in 2015.

The drop in fuel prices will improve the airline industry profits. Airline routes that were marginally with oil prices around $100 will become more profitable. The improved profitability outlook may lead to some airlines taking on more risk in terms of route development. On the passenger side, a weaker Canadian dollar makes it more expensive for Canadians to travel abroad; however, Canada becomes a more attractive destination for foreign tourists.

Alberta continues to be Canada’s best-performing economy and projections indicate that it will remain so for the foreseeable future. The benefits of the energy sector continue spreading throughout the entire economy in 2014— the capacity investment over the past decade is allowing for the growth of more stable, export-driving production. Currently, this incremental production is destined for the U.S. market.

Manufacturing sales have strengthened from the end of 2013 and continue to be strong. Petroleum products manufacturing is the largest contributor to overall growth, and is also a driver of growth in its supporting manufacturing sectors such as primary and fabricated metals and machinery. As a result, projections indicate that manufacturing output will expand between 3.2 and 4.7 per cent in 2015.
Employment growth remains strong with an estimated 61,200 joining the workforce in 2014, while solid disposable income growth will continue fostering retail business. Average wages and salaries per employee in Alberta in 2014 will reach $66,500, 38 per cent higher than the Canadian average. The abundance of job opportunities, combined with high wages, continues to elevate in-migration. However, natural gas prices remain weak while pipeline capacity constraints and labour shortages threaten future growth.

So far, the Edmonton Region’s economic picture remains strong compared to other cities in Canada with a 3.1 per cent increase in GDP in 2014, following an impressive growth of 5.1 per cent in 2013. Oil sands development continues to boost output in the natural resource and manufacturing sectors. With several refineries in the area, Edmonton is the manufacturing hub of Alberta’s energy sector. The forecast of strong global energy demand suggests that Edmonton’s manufacturing growth will remain strong to 2018.

Edmonton’s non-residential construction is projected to remain steady with an 8.7 per cent vacancy rate, while the city’s housing market remains strong due to major projects such as Rogers Place arena ($480 million), Kelly Ramsey building redevelopment ($25 million), and NAIT Centre for Applied Technologies ($130 million). While residential housing is expected to decline by 11.5 per cent, builders will break ground on 13,000 units. Forecasts show the overall output growth in the construction sector at 3.4 per cent in 2014.

Lower housing starts, more moderate consumer spending and public spending restraints led to a modest output growth in the service industry. The activity in finance, insurance and real estate is expected to slow down, while wholesale and retail trade will continue growing at a strong pace of 5.1 per cent in 2014.
2B STRATEGIC RISKS

POLITICAL

Within the next two years, Canada and Alberta are expecting elections at both the federal and provincial levels, respectively. This could result in policy changes that directly impact pipeline developments, project approvals or royalty structures for the energy sector in Alberta and across Canada. Other political risks surrounding the provincial election environment include a focus on provincial government borrowings including those issued by Alberta Capital Finance Authority (ACFA), which is currently Edmonton Airports’ primary source of external financing. Future implications could include higher cost financing if airports are not able to extend their existing credit facilities.

GROWTH ASSUMPTIONS

Results and outcomes described in this plan depend on growth assumptions surrounding both passenger volumes and commercial real estate. These passenger growth assumptions are considered aggressive because the plan calls for higher passenger volumes than would be traditionally expected in our prior business model. The base forecast in this plan calls for approximately 0.8 million more passengers in 2020 than the independently produced base forecast provided by Intervistas. EIA’s current passenger growth assumptions are based on a successful implementation of growth strategies outlined in this document. External events such as lower than forecasted economic growth, airline strategies, wars or a major threat to aviation travel would likely cause EIA to fall short of these forecasts. Additionally, any weakening in the local commercial real estate market would slow development from the assumptions included in this plan. The result would be reduced revenues, and lower-than-forecasted financial returns.

ENERGY & OIL PRICES

EIA and the Edmonton region have close ties to Alberta’s energy sector and oil sands development. Changes in energy prices may have both positive and negative impacts on our plan’s assumptions. Traditionally, when energy prices increase at a slow and stable pace, driven by world economic growth, the region and airport experience the benefits of a strong, local economy, and passenger growth exceeds average levels. Increased airline costs partially offset the benefits of this growth, which results in higher ticket prices and/or fuel surcharges. Conversely, lower energy prices are good for airlines, but as the price of oil approaches $70/barrel, activity in the Alberta oil sands tends to slow.

Sharp price spikes driven by factors outside of supply and demand, as seen in late 2008, tend to have a short-term positive impact on airport activity. This positive impact, however, is short-lived as higher energy prices lead to lower global economic activity, and ultimately decreases in airline profitability. For the industry as a whole, slow, stable growth in the price of oil represents the optimal balance between economic growth and predictable fuel prices for airlines.

COMMUNITY

EIA has a significant impact on the local communities. Air service connects the Edmonton region with the world and supports economic growth, jobs, trade and tourism. EIA must remain actively engaged with the community to ensure its growth plans are aligned with its neighbours. Significant issues over the course of the plan include the case for EIA’s social license to develop a third runway, outlining the organization’s positions and desired outcomes vis-à-vis the City of Edmonton’s proposed annexation of the airport lands and adjacent areas, and addressing concerns regarding competition between the airport and local developers for non-aeronautical land use.

GENERAL & BUSINESS AVIATION

EIA has experienced strong growth in the general/business aviation sector over the last several years, and this trend is expected to continue for at least the next two or three years. The majority of the growth in this sector relates to crew change activity of companies operating in the oil sands and northern Canadian diamond mines. There are concerns that once the current cycle of oil sands projects is complete, new investments in this area may be limited. However, operations activity at oil sands sites will sustain GA activity levels. These concerns are tied to lack of pipeline capacity to transport product out of Alberta, as well as to increased U.S. domestic oil production reducing demand for Canadian energy. A significant decrease in this activity would negatively impact revenue projections in this plan and reduce utilization of past and planned capital investments geared towards this sector.
SECTION 3 OUR STRATEGIES

Edmonton Airports has five key strategies to deliver our vision of more flights to more places over the next six years. By implementing the following strategies, we can achieve our strategic objectives and goals (see our corporate scorecard in Section 3 for a list of objectives and goals.)

1. Focusing on Our Passengers
2. Creating Exceptional Customer Experiences
3. Developing Non-Aeronautical Initiatives
4. Positive Community Impact
5. Investing in Our People
6. Managing Our Finances

Edmonton Airports has a robust long-term strategic plan. While current InterVISTAS forecasts predict that by sustaining current processes, EIA’s passenger counts should reach 11 million per year by 2020, we have set the ambitious goal of driving to reach 12 million passengers per year by 2020.

A number of strategies are in place to help reach this goal. In addition to WestJet, Air Canada and United Airlines (our largest carriers by seat capacity), we support other airlines who are building their passenger base, and new carriers such as Icelandair, American Airlines, and KLM, who are entering the market and growing new routes. Edmonton Airports will continue to support our airline partners by differentiating ourselves in providing effective and efficient infrastructure that they rely on, from removing snow from the runways to operating the baggage carousels.

EIA will attract and retain our passengers with specific technology and amenities that meet their needs and exceed their expectations. For our resource sector travellers, we will update our north terminal to offer more retail and food and beverage options that suit their preferences. For US-bound passengers, EIA will drive greater efficiency with our US Quick Connect and Automated Passport Kiosks, creating an efficient customs process. For the business traveller, EIA will work to improve their experience and enhance their productivity with options such as the Plaza Premium Lounge and the Renaissance Hotel.

We will also drive business by continuing to build on the ‘aerotropolis’ model of commercial development, which uses complementary development to create a critical mass of services whose combination attracts business and generates additional revenue. We will work to capitalize on our recent investments in our Cargo Village, including a dedicated air cargo apron, airside building facilities, road and land servicing and a new Canada Border Service Agency (CBSA) facility. This infrastructure will grow the import and export base for northern Alberta, and support our cargo partners’ efforts to expand and optimize operations. These strategies are key to driving the region’s economic prosperity through aviation and commercial development.
3A FOCUSING ON OUR PASSENGERS

Driving passenger demand creates new customers for our airline partners and inspires airlines to fulfill our vision by offering more flights to more places. EIA will continue to grow Edmonton’s global profile, to the benefit of both its citizens and business communities. This continued global exposure offers EIA the opportunity to expand its passenger base in regional markets as we grow our international flights and offer additional destinations in Canada. We will also work to attract more leisure travellers, who play a key role in supporting international travel to European and sun destinations, and are also important contributors to non-aeronautical revenue such as hotels, concessions and parking. The natural resource sector also factors into this strategy, as projections show growth continuing in the energy industry at a consistent rate for the foreseeable future, increasing the opportunities for EIA to attract transiting mobile workers. Building cargo demand also provides an incentive for new flights by adding a revenue stream for airlines that can assist in making flights more financially viable or profitable.

Examples of key initiatives include:

- Leverage of recently expanded nonstops through Icelandair’s Europe gateways and American Airlines’ service to Dallas/Fort Worth and LAX
- Exploration of a Chinese tourism charter program
- Targeted support for joint international ‘Edmonton’ brand awareness programs by partners (Travel Alberta, Government of Alberta, City of Edmonton, EEDC, Edmonton Tourism)
- Expansion of target international airline relationship development and industry presence
- Launch and growth of the EIA and jetSet Parking rewards programs (30,000 members)
- Expansion of targeted regional hub sales development into Saskatoon, Regina and Red Deer
- Marketing and business development growth in partnership with Edmonton brand leaders such as the Edmonton Oilers, Edmonton Eskimos and West Edmonton Mall
- Sales collaborations with Edmonton Tourism and airlines in Europe and North America
- Focused review of natural resource sector passenger and airline needs
- Balanced investment in developing integrator, belly cargo and freighter cargo services through EIA

Regional Hub

We will continue to market EIA as a preferred connection point for secondary catchment areas including Grande Prairie, Fort McMurray, Saskatoon, Regina, Yellowknife, Kelowna and now Kamloops. In 2013, we saw a 12 per cent increase in connections for the targeted areas as airlines added frequency to these stimulated markets. Red Deer continues to be part of our strategy, encouraging travel north to EIA. Our recently-launched rewards program will serve as a communications and education tool for these regions, allowing us to segment our offerings to target regions.

With respect to strategy, we will continue to engage business development meetings with regional travel agencies and organize familiarization trips to EIA and the Renaissance Edmonton Airport Hotel. We will continue to provide sponsorships for conferences in Fort McMurray and Grande Prairie in order to raise awareness and preference for EIA. Campaigns will continue for The Renaissance Edmonton Airport Hotel and EIA Rewards, our loyalty program, will offer members discounts on flights, dining and parking. Edmonton Tourism will continue to be our partner in promoting interest in overnight stays or extra days in Edmonton. We have also reached out to assist resource sector companies in connecting through EIA and will look to grow that business.

Air service will continue to grow as a result of our strategy. We expect incremental gains from WestJet Encore and increases on markets such as Regina and Saskatoon by Air Canada Jazz. We anticipate both Air Canada and WestJet to continue focus on flowing passengers through their hub in Calgary, but we believe there are market share gains available from places such as Prince George, Peace River and Norman Wells. We will continue to pursue a Tier 3 carrier with the right aircraft type and availability to support routes where we see customers either driving from, or having to be routed via, other gateways. We will collaborate on capacity gains through our continued efforts in building relationships with all business and travel stakeholders and regional airports, as well as executing marketing campaigns that encourage travel to, from and connecting through EIA.
We will also focus growing capacity on key existing routes such as Halifax, Toronto, Fort McMurray and Vancouver. As we gain more international flights and capacity, especially large wide body flights, we will require more domestic lift to fill those seats as our local Edmonton demand will not be sufficient to achieve the load factor and yield expectations from the airlines. The domestic capacity gains will come from an increase in frequencies and upgauges to existing services and new destinations in the Canadian market.

International Inbound
Reykjavik and Dallas/Fort Worth have been gained by EIA over the last two years, facilitating international traffic through these hubs. The economic strength of the Edmonton region will drive future capacity gains, as Edmontonians commit their disposable income to travel to destinations and more visitors arrive into our region for business and leisure travel. Attracting more capacity is necessary for EIA to grow its international inbound customer numbers, which continues to be a challenge due to the lack of global awareness about Edmonton. This is particularly true in Asia, where the market opportunities are considerable, but our lower community profile slows air service development cycles. To address both the opportunities and the challenges, we will continue our global sponsorship agreement with UBM Aviation and the Routes Conference organization. We will also leverage our partnerships with government and tourism organizations to build supply by aligning our target markets with those of our partners; for example, an inbound China charter program.

Natural Resource Sector
In the next two decades, more than $200 billion in major projects are slated to be executed in Alberta, and most of those projects are located in EIA’s catchment. The majority of the work is in construction, maintenance and repair for the oil and gas industry, and they will require millions of staff hours to execute. The airport’s ability to compete for passengers flying to and from work shifts in the natural resource sector influences the success of the regional hub strategy. Workers primarily travel from Edmonton, B.C., Ontario and the Atlantic provinces. By using EIA as their preferred airport for leisure travel, these travelers will also expand our international air service opportunities. We will focus our natural resource sector efforts for the following initiatives in 2015 and onwards;

• Developing a scenario-based Natural Resource Sector Strategy that builds on the EIA Mobile Labour Report completed in 2014
• Strengthening the relationships between EIA and key resource sector participants
• Expanding business development efforts to ensure EIA’s service-based sustainable competitive advantages are well understood by customers.

Develop a Stronger Cargo Sector
EIA’s cargo volume growth has exceeded the increases in global industry for four consecutive years. Our cargo volume has increased by 26 per cent since 2010. Current industry forecasts from Intervistas predict an EIA cargo volume of 58,000 tonnes by 2020; however, EIA Cargo has set a target of 75,000 tonnes by 2020. This ambitious goal requires cross-departmental support. Estimates show over 60 per cent of air cargo within our catchment area bypasses EIA to competing airports like Calgary, Toronto, Vancouver, Chicago, Huntsville, Houston, Los Angeles and Miami.

Our strategies focus on balancing the development of belly cargo (passenger aircraft), integrators (couriers) and legacy carrier freighters (charter and scheduled). We will also balance our investment to repatriate air cargo traffic by seeking to develop both supply and demand. With the introduction of new facilities and providers at EIA’s Cargo Village, we have significantly improved cargo operating infrastructure, and enabled increased service as recently executed by EIA’s key integrators. We will continue to develop expansion of supply by pursuing additional upgauges, frequencies and routes.

The next phase of EIA’s Cargo Village expansion is focused on airport cargo volume throughput stimulating the expanded external catchment area. This strategy includes growth from anchor tenants: Canada Border Services Agency (CBSA), BBE, Cargojet, DHL and FedEx. New tenant growth will focus on strategic cornerstones of air cargo supply chain requirements, warehousing (including temperature controlled), freight forwards, customs brokers, third party logistics providers and road carriers. Road carrier Rosenau Transport will be added in 2015, which is a key component to introduce trucking to EIA, and influencing the supply chain. We will also leverage recent infrastructure investments such as Apron 7 (Code F Freighter capable) and heavy-lift cargo handling equipment to demonstrate the increased cargo capabilities of EIA.

To increase momentum in commercial land development growth, we will work to increase demand by expanding light industrial warehousing capacity through third-party investment partners, including Panattoni Development Company, Runway Developments, Tera Capital and Aeroterm.
3B CREATING EXCEPTIONAL CUSTOMER EXPERIENCE

To target and move 12 million passengers through EIA by 2020, the core business of operating an airport must be leading edge. This is achieved through operational excellence. Operational excellence captures each element of our business and services, from infrastructure design and operational procedures to technological advancements to better serve our customers.

Supporting airline partners with efficient core operations is a key part of our strategy. Through our employees, we maintain current information on best practices, share our in-house expertise and provide leadership in the aviation community. For example, after last winter’s ground stoppage at Toronto Pearson International Airport, the airport contacted EIA for insight on managing weather events. Operations works with the Passenger Market Development and Cargo Development teams to market our operational profile to airlines. Our ability to remain “open for business” raises this profile.

Investments in technology continue, including recent upgrades such as a Runway Weather Information System, Lightning Detection System and improvements in airplane de-icing processes. Other improvements to customer experience include leveraging available industry technology by installing baggage delivery time indicators on arriving baggage carousels and waittime indicators in pre-board screening. Expanding US check-in areas remains a priority, as this is where growth is strongest in both non-stop flights and passenger loads. To ensure optimum airline efficiencies, we are evaluating options to change operational processes in the terminals Gate 49 area for our partners at WestJet Encore. Supporting airlines’ on-time performance, safety, and service goals enhances mutual success and helps to attract new air service.

Our six year strategy focuses on improving our understanding of our customer needs to optimize our product and service offerings. To improve understanding of our customer needs EIA will implement an Enterprise Resource Planning (ERP) solution to connect our systems and enhance integration over the next five years. An ERP solution integrates and organizes corporate data into one comprehensive platform. The system will enable EIA to integrate all business management functions (accounting and finance, human resources, asset management, customer relationship management and more). The ERP System will allow for access to required information in real-time to help make informed management decisions. The system will also enable the delivery of technology solutions for EIA customers by enhancing our corporate reporting and business intelligence.

We use Airport Service Quality (ASQ) surveys, comment cards and social media to measure customer satisfaction. We continuously evaluate and analyze customer satisfaction results to adjust our products and services to create exceptional customer experiences.

In 2014, EIA embarked on developing a Customer Experience Strategy. Through this process we know that our passengers key drivers of satisfaction are:

- Ambience of the airport
- Cleanliness of airport terminal and availability of washrooms
- Comfort of waiting and gate areas
- Wait times at check-in, security and customs

EIA continues to improve on how we deliver face-to-face customer service through our enhanced Northern Lights Volunteer Program and additional information booths. Focus on our EIA team is also integral to effective customer service. We offer a Welcome to EIA video to all new staff to ensure they are knowledgeable and equipped to enhance passenger experience. Commitment to public safety and airport security at EIA ensures passengers are in a safe and secure environment. Service-level key performance indicators are in place with GARDA World to deliver security with attention to customer service. We continue consulting with external agencies and working with airlines to review and practice emergency plans. EIA also participates in the Airports Council International APEX program (Airport Excellence in Safety). In addition to using technological advancements, we continue researching innovations and enhanced communications with airlines. We benchmark with European and Asian airports and explore opportunities with infrastructure.
3C DEVELOPING NON-AERONAUTICAL INITIATIVES

Non-aeronautical initiatives support passenger market development by providing a superior passenger experience through desirable product and service offerings and help attract new air service with appealing amenities and brands.

EIA’s non-aeronautical revenue streams include parking and ground transportation, concessions and real estate. Given that a significant portion of our operating expenses are fixed, generating new revenue through non-aeronautical development is a key opportunity to increase overall earnings.

Building upon the past successes such as jetSet, our awarding winning concession program and growth in real estate development, the six-year strategic plan provides a road map that allows us to achieve our key strategies. Developing EIA as a destination will encourage passengers and the supply chain to make EIA their airport of choice. Developments such as the highway commercial project, distribution and logistics, as well as non-aviation industrial are all key components to make EIA a destination.

Our key strategies include:

- Increase non-aeronautical revenues
- Create EIA as a destination – Aerotropolis
- Use developments to drive air service – passenger and cargo
- Improve passenger and customer experiences

Parking and Ground Transportation

EIA successfully operates Parking and Ground Transportation products to meet the needs of a wide variety of demographics, from leisure to business travelers. Technologies such as automated exits and pay-on-foot machines control costs related to parking lot operations. We will continue to develop a strong parking program that is very customer-focused. Revenues will be increased by continuing to develop a suite of parking and ground transportation products.

Our key initiatives include:

- Development of an indoor parking product
- Development of a pet hotel in conjunction with real estate
- Development of new parking services for natural resource sector workers
- Improvements to public pickup areas
- Increase inventory of parking and ground transportation products

We continue to develop new avenues for marketing and sales, one such avenue being online booking. We enlisted the aid of one of the most secure services, Chauntry, the world’s leading supplier of parking reservation systems to airports. With further development, we will be able to market our parking program to broader audiences, ultimately increasing our non-aeronautical revenue.

EIA is developing a long-term parking loyalty program, jetSet Rewards, in conjunction with EIA Rewards. This offers an opportunity for EIA to compete directly with off-airport parking companies. We are working with other airports to expand the jetSet brand. Developing a larger brand allows us to market our product more effectively and compete with national off-airport parking operators for fleet and national corporate parking agreements. Expanding the jetSet brand and licensing to other airports will allow us to further diversify our revenue stream.
Concessions
Development of our concessions program will be guided by two key principals: revenue growth and passenger experience. These are cornerstones of the airports concession master plan. Implementing the Concession Master Plan will drive higher non-aeronautical revenue while aligning with the evolving needs and wishes of passengers. Our key partners in the building will be encouraged to provide exceptional services while implementing innovative strategies to grow revenue.

Continued development of EIA Rewards will allow us to communicate directly to passengers about offers and promotions to generate revenues and enhance passenger experience.

Key Initiatives include:
- Arrivals experience and concession program
- Departures and mezzanine concession program
- Interactive advertising program
- Development of passenger and employee services such as shoe shine, doctor, dentist, pharmacy, spa, salon, etc.

Real Estate
EIA is one of two Canadian airports to adopt the ‘aerotropolis’ concept. We are now transforming EIA from an ‘emerging aerotropolis’ to an ‘operational aerotropolis’ through developments such as the Cargo Village and Highway Commercial. Where key developments are required to stimulate the market or generate returns to EIA, equity investments will be considered. Potential equity investments include office, pad and retail strip sites, and other opportunities.

Real estate supports aviation-related development both directly and indirectly. Moving forward, we will continue to strategically locate developments and services such as warehousing, distribution and freight forwarding to grow our cargo village. Working with EIA cargo, we will further develop key infrastructure designed to facilitate the movement of goods to, from and through the Edmonton region as outlined in our aviation strategy. In addition, the proposed Ivanhoé Cambridge Outlet Centre, retail developments and office campus will make EIA a destination that will support our regional hub and international inbound strategies.

Our key initiatives include:
- Development of highway commercial projects including:
  - Outlet mall
  - Retail - large format, pad and strip retail
  - Office campus
  - Hotel(s)
- Logistics, distribution and Cargo Village
- Light Industrial - non aviation development
- Aviation and support services such as hangars, maintenance and repair facilities, and natural resource sector passenger processors

3D POSITIVE COMMUNITY IMPACT
Through the use of our assets, strategic and open communication with employees and our dedication to sustainability, EIA's economic, environmental and social profile continues to evolve. EIA's air services connect the region with the world and increase economic prosperity, the number of jobs, trade and tourism. Edmonton Airports works to remain actively engaged with the community to ensure its growth plans are aligned with and supported by those it serves. EIA complies with relevant regulations applicable to economic, environmental and social issues and plans to perform beyond compliance and grow sustainably.

We are in the process of producing our first Sustainability Report to present this information. This elevation of our initiatives and our increased transparency will also demonstrate EIA’s accountability for delivery on sustainability as an organizational priority. We will continue to increase sustainability literacy with the organization and actively engage stakeholders and develop decision-making processes to ensure the community’s needs are reflected in EIA’s sustainability developments.

Economic Sustainability
We continue to invest back into our business strategies to fulfill our corporate vision and mission. Through managing our capital resources and EBITDA, we are committed to being financially conscious, responsible and accountable. As a not-for-profit organization, EIA is mandated to accelerate the success of our community. We will commit to continuing to understand our economic impact in the next six years and communicating the results, a commitment aligned with our dedication to transparency. Economic Impact Studies will underscore EIA’s position as a key facilitator to a growing province, and reflect the impact of our internal processes on the external community.
Environmental Sustainability

At EIA, we recognize that aviation is a user of many different natural resources. Successful delivery of our business depends on responsibly using a sustainable supply of land, air, water and energy resources. EIA’s environmental policy reflects the understanding that protecting the environment is in the best interest of our employees, customers, stakeholders and community. An important step towards influencing the intensity of our consumption is conscientious measurement.

To fulfill our environmental policy, we intend to actively pursue pollution prevention, energy efficiency and waste reduction programs. Energy use tracking and the associated in-depth understanding of our emissions, is of great importance to the business and also stands out as significant in regional, provincial and federal sustainability initiatives. EIA will save costs in the long term by increasing our energy efficiency (without sacrificing quality of aviation services) as well as identifying different applicable sources of energy. Consciousness around energy use may also contribute to a reduction in our greenhouse gas emissions intensity. EIA sponsors the 747 public transit bus service, and subsidizes Skyshuttle tickets for employees to encourage energy efficient transportation to the airport. In addition, our efficient operations contribute to reductions in wastage.

Contaminated storm-water on our property is treated in our engineered Wetland Treatment Facility. This process assures that glycol and other chemical concentrations are below those set by regulatory bodies.

Waste management at EIA involves several different recycling procedures, including those pertaining to construction materials. Our new terminal and central tower, constructed with guidance from LEED, have initiated significant changes around waste separation, including the recycling of construction waste from the expansion project. We encourage our employees to manage their own recycling, and a green cleaning policy guides office inhabitants and maintenance staff.

Social Sustainability

As an organization mandated to work in the public interest, we seek to engage with our community, promote its assets, and support its concerns. We seek to consult and work cooperatively and respectfully with neighbours, stakeholders and partners by participating in relevant town hall meetings and public information sessions, and by responding to concerns, suggestions, noise complaints and other comments. We support our corporate values by using our venue, our influence, our reputation and our resources to advance social programs, public safety, music, arts and culture. We collaborate with partners to leverage support for activities that support our community’s interests and spirit. We incorporate these considerations into our regular operations and encourage employees to volunteer during work hours.

Safety at EIA

Safety is one of EIA’s core values; therefore it resonates through the business. At EIA we will continue to work towards exemplifying safety as a foundational component of our corporate culture. The programs and overall safety systems are integral in promoting efficient and secure performance.

Our safety commitment includes specific programs dedicated to:

- Aviation safety
- Public safety
- Occupational health and safety

These programs are aimed at supporting all areas of work from maintenance, and administration to emergency response. They are all integrated under our general safety policies.

Aviation Safety is managed through a specific Safety Management System (SMS) approved and subject to ongoing verification by Transport Canada. It focuses on aircraft safety in operational areas of the airport. With Transport Canada, EIA will continue to ensure the SMS program remains aligned with industry best practices. Through consultation with airports and aviation groups EIA aims to stay abreast of industry trends and understand various opportunities to reduce or mitigate risks.

Our public safety measures focus on providing a safe environment for passengers, customers and the general public. We will continue to focus attention on accessibility and infrastructure. We continue to ensure that all areas are inspected, any necessary corrective actions are made promptly and that we continue to take a proactive approach to safety. To promote the safe journeys of passengers and crew members, and to protect the infrastructure of airlines EIA invests in a wildlife control program that uses both passive and active measures to control the injury to animals and damage to airplanes.
Strikes can occur anywhere on airport property and many hundreds of meters above ground. Due to this, wildlife management is continually being considered through dedicated management on-site, and community collaboration off-site.

Employees are at the heart of EIA’s success. As expressed in our core values and employee strategy, at EIA we put ‘Safety and Security First’ and we are ‘Invested in our Talent’. We respect our core values by working to exemplify and adopt employee safety as part of our culture and way of doing business. Occupational health and safety programs safeguard EIA staff by making sure the proper tools, processes and solutions are in place to protect them and guide them in decision making. EIA tracks performance indicators such as the number of incidents and lost work hours, and also identifies work place hazards and leading indicators to avoid loss.

EIA also regards safety as a strategic advantage that can support us in attracting and, more importantly, retaining excellent employees. Our contractor safety program touches on all three key areas, ensuring that the management of contractors at EIA is compliant and supportive of all other safety initiatives.

Noise
Managing the impacts of aircraft noise on our surrounding communities is an expectation clearly described in the lease for EIA property with Transport Canada. Therefore, EIA organizes a Noise Advisory Committee for information-exchange between the airport and local communities and as an education vehicle on airport operations and aircraft noise. The noise hotline and the committee give community members an opportunity to voice their concerns. We aim to continue working with different government bodies and with aviation stakeholders to stay ahead of industry standards and develop optimum solutions as we grow.
EIA’s employees are essential to our success in actively delivering our promise, we’ll move you. By maximizing our employees’ opportunity to contribute to the success of both EIA and their own careers, we respect our core value of investing in our talent and position ourselves to deliver our overall strategy successfully.

Our people strategy is designed to enable our strong team of employees to perform at their best using an employee engagement score as a key indicator of success. We want to attract, develop and grow outstanding, diverse, high-performing and innovative talent that can deliver strategic results. We want to create a vibrant workplace culture that reflects our values and supports our goals and our community, and we want to enhance our employees’ health, safety and well-being.

Over the past two years, we have focused on realigning our organization, demonstrating strong leadership, engaging and developing our talent, and valuing our employees. Over 50 per cent of employees now have updated role profiles, 100 per cent of employees now have performance appraisals, and since their introduction in 2013, development plans are now in place for 43 per cent of employees. Since January 1, 2013, there have been 61 internal transfers and promotions. Compensation reviews have demonstrated that our total rewards continue to be market-competitive, distinct and designed to reward for both results and desired behaviours. Overall, we have made significant progress towards our long-term goals.

Looking ahead, in the context of labour shortages and an increasingly competitive job market, retaining our professional expertise and growing our own talent continues to be an important risk management investment. Our ambitious growth plans call for flexible and agile employees. There is also a continued effort to enhance safety as well as health and wellness; not only to protect our employees, but to enhance the quality of their lives, their workplace and the community we serve.

We intend to build on this success going forward and continue to work towards our objectives by driving toward four key outcomes: Increase our talent agility; enhance employee health, safety and wellness; improve our employee experience; and exemplify exceptional leadership.

Exceptional leadership is a top priority because we know that the success of our people plan relies heavily on it. Simply put, it is the most significant driver through which we will achieve our people strategy.

To achieve our outcomes and objectives we are focusing on our key people management processes – how we select, develop, engage and value our people:

**SELECT: The way an employee is chosen for his or her role**

We will identify and hire talent internally whenever possible. We know top talent already exists at EIA, and with some further development and opportunity we will improve employee performance, engagement and business results. We will seek top talent from the outside when needed to fill roles we can’t fill internally. Creating a culture where talented people are recognized and promoted internally improves our ability to attract the very best from outside.

**DEVELOP: The ways we support an employee to grow new skills, develop professionally, and expand opportunities and capabilities**

We will enable our people to increase their contributions within EIA and to become stronger professionals overall through individual development plans, education, training and developmental assignments. We will continue to encourage and empower employees to take accountability for their development through awareness, access to resources and opportunities for personal growth.
ENGAGE: The ways employees are motivated and engaged to perform at peak levels
To improve engagement, we will improve leadership and front-line manager competency, regularly survey our employees, seek other opportunities for feedback and act on employee suggestions for improvement. We will sustain and leverage areas of strength such as performance feedback, development and rewards. We will take action to improve innovation, teamwork, communication and executive team leadership based on learnings from focus groups and other employee advice.

VALUE: The ways we recognize, reward and demonstrate appreciation for employees’ contributions to our organization
We will go beyond compensation alone to reward and recognize our people by improving the employee experience overall, supporting community involvement and rewarding and recognizing individual and team performance. We will work to enhance safety and security as a core value, taking active steps to foster a culture of prevention and awareness as well as reducing loss. We will seek to exceed the ordinary by delivering an employee experience that goes beyond managing health and wellness to actually improving it, enhancing and improving aspects of employee quality of life. We will seek opportunities to implement best practice from programs such as Partnerships for Injury Reduction through Alberta’s Workers’ Compensation Board, and other exemplary programs.

By focusing on these four cornerstone people-management processes, our strategy is designed to deliver four measurable key outcomes:

1. Exceptional leadership
2. Improved employee experience
3. Enhanced employee health, safety and wellness
4. Increased talent agility

Overall, we intend to honour our values by investing in our talent and supporting our people to deliver effective strategic results.

3F MANAGING OUR FINANCES
Edmonton International Airport’s overarching mission to provide more flights to more places underlines every aspect of the airport’s business, including our financial strategy. Our financial plan aligns expenses and capital allocation directly with the airport’s air service goals. Our strategy is to support the delivery our organizational and business goals by managing processes effectively, assessing and mitigating risks, and regularly monitoring and reporting performance. This will allow us to maintain the flexibility to adapt and offset factors that could negatively influence our overall strategic plan. For further details on EIA’s financial outlook see the 2013 Annual Report.
EIA owns and operates Villeneuve Airport (ZVL) for general aviation traffic. With Edmonton City Centre Airport closing in 2013, as well as ZVL's location within the Edmonton region and NAV Canada Tower services, ZVL's role has been redefined as a strategic regional asset. ZVL is a primary training base for aircraft that would otherwise operate at EIA, allowing for increased capacity at EIA for commercial and cargo flights. By providing an operational GA area for flight training and smaller operations, EIA can defer capital improvements and growth to future years. ZVL's strengths also include its available land, lack of regulatory constraints, and low fees and charges structure.

ZVL serves as an alternate site for key services such as air ambulance and Medevac flights, point of entry for inbound GA from other regions across North America, and a base for the following services:

- Helicopter and fixed-wing general maintenance
- Private (recreational) glider, fixed and rotary wing operations
- Corporate aircraft operations serving oil and gas, mining, energy, manufacturing, tourism, financial services, and other industries, as well as government in Northern Alberta
- Small (CODE B or less) commercial charter operations serving these same industries
- Potential aerial firefighting operations

ZVL also supports the Alberta Aviation Museum’s relocation and fly-in events.

EIA seeks to maximize ZVL’s capacity to be an integral part of the Edmonton region’s transportation system by reducing operating loss, growing GA traffic and non-aeronautical revenue, as well as maintaining strong collaborative working relationships among the airport’s owners, operators and other key regional stakeholders.

In 2013, EIA developed a strategic plan for ZVL with input from various stakeholders. Key projects for 2015 were identified including apron expansion, lot development, a potable water line, new telecom and continued collaboration with Sturgeon County on funding the connection to a water line. Other key objectives include lease negotiations with full-service fixed-based operations, (FBO) a food and beverage (F&B) operator, searching for an enhanced maintenance and repair organization (MRO), as well as marketing ZVL to organizations with CODE B jets. For detailed information on ZVL’s strategic plan, please refer to EIA’s corporate website and the 2013-2017 Villeneuve Airport Strategic Plan.
### Section 5 Appendix

#### 5A Economic Tables

#### Real GDP

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IMF outlook April 2014

#### % Inflation on Average CPI

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IMF outlook April 2014

#### Interest Rates*

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<td>1.70%</td>
<td>3.04%</td>
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(by end of period)

* RMC Forecast: Canada-U.S. interest rates and key FX rates July 2014
### Exchange Rates

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<td>Australian dollar (per AUD)</td>
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<td>1.04</td>
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<td>Canadian dollar (per USD)</td>
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<td>China Renmibi (per USD)**</td>
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<td>Euro (per EUR)</td>
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<td>1.32</td>
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Source: RBC Economics Financial Market Forecasts July 2014
Note: Exchange rates are expressed in units per USD, with the exception of the Euro, GBP, AUD, and NZD, which are expressed in USD per local currency unit** - Scotia Bank

### Real GDP

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* IMF World Economic Outlook, April 2014
** Conference Board of Canada, Metropolitan Outlook, Spring 2014

### WTI Crude Oil Price

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<td>NYMEX Futures (July 24, 2014, 13:30CT)*</td>
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($/barrel)
* Source: US Department of Energy, Annual Energy Outlook, Spring 2014
## CPI

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(% change over year)

* Conference Board of Canada, Metropolitan Outlook, Spring 2014

## Unemployment

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* Conference Board of Canada, Metropolitan Outlook, Spring 2014

## Retail Sales

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<td>4.6%</td>
<td>4.8%</td>
<td>5.1%</td>
<td>5.1%</td>
<td>5.1%</td>
<td>5.0%</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

* Conference Board of Canada, Metropolitan Outlook, Spring 2014

* percentage change %
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