

REPORT OF THE CHAIR AND C.E.O.

Saskatoon's John G. Diefenbaker International Airport helped a record number of passengers on their way in 2009, as an increase in customer traffic defied both an international recession and a Canada-wide decline in airport use.



A total of 1,157,000 passengers travelled through Saskatoon's Airport in 2009, representing an increase of 2.2% over 2008 and bucking the national trend which saw average airport use across Canada shrink by 3%. As the economy strengthens, continued passenger growth is expected and the Saskatoon Airport Authority (SAA) has begun planning today to ensure we are ready for the air travellers of tomorrow.

At the root of passenger growth are improvements in air service – an area where we continued to progress in 2009. There are now a total of 37 flights every week to U.S. destinations – including new direct service to Chicago added by

United last June – as well as 18 charter flights weekly serving winter holiday destinations.

As customer traffic grows, SAA is also committed to continual enhancement of both our physical facilities and customer service. In 2009, we added a sixth passenger loading bridge, a fourth security line to speed passengers through pre-board screening, and a new pay-on-exit option allowing credit cards to be used when leaving the parking lot.

We also tackled tough issues. Proposals were invited for a new ground transportation system, and more options – and improved service – are now available through a combination of taxis

2009 saw the World Junior Hockey Championship come to Saskatoon and the SAA staff got caught up in Team Canada spirit.



The SAA celebrated its 10th anniversary with a fifties inspired "hangar dance" held at West Wind Aviation's brand new Hangar #3



and new provincially-licensed black cars. A broader range of parking possibilities is also part of the ground transport solution, including the opening of a free cell phone parking lot. Drivers coming to the Airport can now park in the cell phone lot until they receive a call that the passenger they are meeting is ready for pickup at the Terminal's curb side.

Airport growth was also symbolized in a variety of other ways in 2009 ranging from our spirited participation in the World Junior Hockey Championships to several companies, including West Wind Aviation and Kreos, opening impressive new aviation facilities on Airport lands.

In terms of capital investment, expansion of airside aprons began in 2009, and will continue in 2010, as a prelude to creating Saskatoon's airport of tomorrow. The current Airport Terminal Building (ATB) was designed to serve 1.4 million passengers annually. With continually increasing passenger traffic, and with a robust and expanding regional economy, we will soon be stretching our facility to its maximum capacity. The time is right to invest in the future, to be ready for the future.

Major expansion of the ATB, originally slated to begin in 2015, is being moved ahead four years to take place in 2011 and 2012. Terminal expansion is an integral part of a 10-year plan that

will see \$85 million invested in Airport redevelopment. While this investment will involve limited short-term borrowing, the Business Plan envisions the current Airport Improvement Fee, plus annual Airport operating profits, financing the entire project.

The last Airport expansion resulted in the ATB being built as large as physically possible without disrupting the constraints of roads and parking in front of the Terminal and aprons and runways on the Terminal's airside. The coming expansion will add a new dimension to the design of our building as a pier is extended airside, serviced by the new aprons currently being constructed.

Saskatoon's Airport has historically followed a linear design, with each new gate extending further away – and a longer walk for passengers – from the core of the ATB. Our expansion will allow aircraft to be parked on both sides of the pier, meaning more gates closer to the building's core, and a shorter walk to the airplane. For passengers, the pier design provides a new generation of service with larger seating areas and improved retail services closer to the boarding gates. And by extending the pier, future expansions can also be accomplished with virtually no disruption to Airport operations.

So in 2009, and continuing in 2010, construction of new airside aprons

Kreos Aviation has begun construction of a fixed-base operation (FBO) facility that will accompany their two hangars currently under development.



The prelude to creating Saskatoon's Airport of Tomorrow began in 2009, and will continue in 2010, with expansion of airside aprons to accommodate expansion of the Airline Terminal Building.

begins the journey toward investing in tomorrow's Airport today.

Guiding that journey is an active and engaged Board of Directors who we thank for their continuing commitment to our Airport's success. Past Chair Pat Pitka retired from the Board in 2009 and we were joined by new director Orlo Drewitz, C.A., a partner with Hergott Duval Stack.

The single focus of your Board and management, both in daily operations and as we plan for the future, is to ensure we provide the best airport experience and aviation environment in North America.

Nancy Hopkins Q.C.
Chair

W. A. (Bill) Restall
Chief Executive Officer

