

**Management's Discussion and Analysis and Financial
Statements of the**

Greater Toronto Airports Authority

March 31, 2009

**GREATER TORONTO AIRPORTS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED MARCH 31, 2009**

Dated May 7, 2009

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 ("GTAA") for the quarter ended March 31, 2009 and should be read in conjunction with the Financial Statements of the GTAA for the same period. In addition, the reader is directed to the Financial Statements and MD&A for the year ended December 31, 2008 and the Annual Information Form for the year ended December 31, 2008. These documents provide additional information on certain matters which may or may not be discussed in this report. Additional information relating to the GTAA, including the Annual Information Form, the Financial Statements and the MD&A 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.gtaa.com.

Corporate Profile

The GTAA was incorporated in March 1993 as a corporation without share capital, and recognized as a Canadian Airport Authority by the federal government in November 1994. The GTAA is authorized to 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 currently manages and operates Toronto Pearson International Airport (the "Airport" or "Toronto Pearson").

The responsibilities of the GTAA for the operation, management and development of Toronto Pearson are set out in the 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 GTAA's priorities are to operate a safe, secure and efficient Airport and to ensure that the facilities provide the necessary services, amenities, and capacity for current and future air travel requirements for the region.

Significant Events

Certain events transpired in the first quarter of 2009 which had an impact on the GTAA's operations or financial results or which may impact future results.

On February 4, 2009 the GTAA repaid the \$250 million Series 2004-2 Medium Term Notes ("MTN") using a combination of cash and reserve funds.

On February 13, 2009, the GTAA announced a comprehensive four-point plan to mitigate the effects of an anticipated decline in Airport activity in 2009. The plan includes cost reduction measures, the postponement of certain capital projects, an increase to the Airport Improvement Fee ("AIF") and the implementation of an air service rebate program that offers rebates on landing fees to air carriers who introduce new routes to the Airport or increase their aircraft capacity on existing routes serving the Airport. The landing fee rebate allows for a 50% and a 25% reduction in landing fees in the first and second years, respectively, for certain new air service at the Airport. The AIF increase, effective June 1, 2009, will increase the AIF for originating passengers by five dollars to \$25.00. The connecting passenger AIF remains unchanged at \$8.00.

Operating Activity

During the first three months of 2009, 7.4 million passengers were processed through the Airport, as compared to 7.9 million passengers for the same period in 2008, representing a decrease of 6.1%. The year-over-year figures are not directly comparable due to 2008 being a leap-year, as well as the timing of the Easter holiday, which occurred in the first quarter of 2008 and in the second quarter in 2009. Notwithstanding this distortion, the passenger traffic decline which started in the fourth quarter of 2008 has continued into 2009. For the full year, the GTAA expects a 6.2% decline in passenger traffic for 2009 when compared to 2008. As has been the trend for several years, the strongest passenger traffic segment continues to be international travel with a 2.5%

increase in the first quarter of 2009 when compared to the same 2008 period. Domestic and transborder passenger traffic declined 10.0% and 9.8% respectively in the first quarter of 2009 when compared to the same period in 2008. The following table summarizes passenger activity by sector for the first quarter of 2009 and 2008.

(in thousands)	2009	2008	% change
Domestic	2,790	3,101	(10.0%)
Transborder	2,122	2,352	(9.8%)
International	2,503	2,441	2.5%
Total	7,415	7,894	(6.1%)

Flight activity is measured by aircraft movements. The type and size of aircraft using the Airport determines the total maximum take-off weight (“MTOW”) and the total number of seats. These measures are used to calculate airline charges for each flight. Total movements in the first quarter of 2009 decreased by 4.5%, from 104,960 movements in the first quarter of 2008 to 100,288 movements in the first quarter of 2009. MTOW for the first quarter of 2009 was 3.1 million tonnes, as compared to 3.3 million tonnes in the comparable 2008 period, a decrease of 4.9%. Total arrived seats in the first quarter of 2009 decreased 4.2% from 5.2 million seats in 2008 to 4.9 million seats in 2009. During the past several years airlines have been adjusting their fleet mixes and flight schedules in order to improve their financial performance, resulting in airline load factors, or the ratio of passengers to seats, increasing. Reduced air travel demand as a result of the slowing economy has caused many airlines to reduce capacity through reduced schedules and changes in aircraft type utilized on certain routes. This is expected to help maintain airline load factors despite the anticipated slowing in demand but will have a negative effect on MTOW and arrived seats. It is expected that air carriers will continue to engage in these capacity management techniques for the foreseeable future.

In March 2009, the European Union and Canada approved an “Open Skies” agreement that removes most restrictions on flights between Canada and European Union member states. It is expected that over time this agreement will stimulate air service between Canada and Europe, benefiting Toronto Pearson and other Canadian airports.

RESULTS OF OPERATIONS

Rate Setting

In reviewing the financial results, it is important to note that the GTAA is a non-share corporation. Accordingly, the GTAA's financial model is based on the premise that all funds, whether generated through revenue or debt, will be used for Airport operations, ancillary aviation-related activities, construction, repairs and maintenance, debt payments, reserve funds, and other activities within the GTAA's mandate.

The objective of the GTAA's rate setting approach is to break even on a modified cash basis after including the reserve and debt requirements as set out in the Trust Indenture governing the GTAA's debt program. Aeronautical rates and charges are set by the GTAA annually to cover the projected operating costs on a break-even cash basis for each year. To calculate the rates and charges for a given year, projections are developed for measures of Airport operating activity such as passengers, MTOW and arrived seats, non-aeronautical revenue and operating costs. Operating costs used in the rate setting calculation include those reflected on the financial statements of the GTAA with the exception of certain non-cash items such as amortization of property and equipment. Capital costs, including interest for projects under construction, are funded through debt and are not included in the calculation of the aeronautical rates and charges. However, a notional amortization of debt, based on a 30-year amortization period, which is not included in the operating results, is included in the rate setting calculation

The GTAA implemented new rates for landing fees and general terminal charges commencing January 1, 2009 which were \$0.15 and \$0.05 lower than the respective 2008 rates. The GTAA has also implemented a program, effective January 1, 2009, which sets the landing fee for all-cargo flights 25% below the landing fee for passenger flights and a landing fee rebate program for air carriers that offer net new services at Toronto Pearson. Both the new cargo pricing and the landing fee rebate have generated significant interest from air carriers and have contributed to the generation of new activity at the Airport.

Revenues

Revenues are derived from aeronautical charges (landing fees and general terminal charges), AIF, and non-aeronautical sources such as car parking and

ground transportation, concessions, rentals, electricity sales and other revenues from the GTAA's Cogeneration Plant and other sources. The primary drivers for aeronautical revenue are aircraft movements, since landing fees are based on the MTOW and general terminal charges are based on the number of seats of an arriving aircraft. The AIF is charged per passenger and a significant portion of non-aeronautical revenues is highly correlated to passenger activity. The following table summarizes the revenue for the three-month period ended March 31, 2009 and 2008.

(in thousands)	2009	2008
Landing fees	\$102,191	\$108,482
General terminal charges	42,848	44,731
AIF, net	58,610	63,662
Car parking & ground transportation	29,076	31,717
Concessions & rentals	33,411	33,370
Other	6,034	6,527
	\$272,170	\$288,489

For the first three months of 2009, aeronautical revenue decreased by \$8.2 million to \$145.0 million from \$153.2 for the same period in 2008. This decrease reflects both the decrease in activity levels and the decrease in aeronautical rates discussed above.

AIF revenue earned, net of the commission paid to the air carriers, for the three months ended March 31, 2009 was \$58.6 million as compared to \$63.7 million for the same period in 2008. The decrease in AIF revenue is the result of the decline in passenger activity experienced in the first quarter of 2009 as compared to the same period in 2008. As set out in the AIF agreements with each of the air carriers, the GTAA has committed to using primarily all of the AIF revenue for capital programs, including the associated debt service (interest and principal). Capital expenditures paid for by AIF revenue may not necessarily occur in the same period as the AIF revenue is received. Any AIF revenue collected and not utilized in a given period is set aside in the AIF Reserve Fund for future capital or debt service payments.

The decrease in revenue from car parking and ground transportation from \$31.7 million to \$29.1 million for the three months ended March 31, 2008 and 2009, respectively, reflects the decrease in passenger volumes. Concession and rental revenues were essentially unchanged at \$33.4 million in the first quarter of both

2008 and 2009. Concession and rental contracts typically specify either fixed rents or minimum annual rents and are therefore not as affected by changes in Airport activity as other types of revenues.

Other revenues, which is primarily composed of revenues from Cogeneration Plant operations, consulting services and natural gas sales, totaled \$6.0 million in the first quarter of 2009 as compared to \$6.5 million in the comparable quarter in 2008, largely due to a decline in natural gas sales in 2009 when compared to 2008.

Operating Expenses

Operating expenses include the costs to operate and maintain the Airport, interest and financing costs, and amortization of property and equipment.

The following table summarizes the total operating expenses for the three-month periods ended March 31, 2009 and 2008.

(in thousands)	2009	2008
Ground rent	\$ 35,154	\$ 35,515
Goods and services	63,790	81,063
Salaries, wages and benefits	28,186	28,759
Real property taxes and PILT	6,260	5,964
	133,390	151,301
Interest and financing costs, net	102,443	111,838
Amortization of property and equipment	50,067	52,181
	\$285,900	\$315,520

Ground rent payments are calculated according to the Ground Lease. Pursuant to the Ground Lease amendment entered into on February 11, 2008, ground rent payments for 2008 and 2009 are fixed at \$141.5 million and \$138.7 million, respectively. Thereafter, ground rent payable will be calculated as a percentage of the GTAA's revenues. Under Canadian generally accepted accounting principles, the ground rent expense for each of 2008 and 2009 is recorded as the average of the fixed payments for the two years. As a result, ground rent expense in the first three months of 2009 is essentially unchanged from the same 2008 period: \$35.2 million and \$35.5 million respectively. In both of these quarters actual ground rent payments made to the federal government include a \$1.0 million payment of ground rent that had been deferred by the federal

government in the 2003 to 2005 period. This payment is not recorded as an expense in the financial statements.

Expenditures for goods and services were \$63.8 million for the three months ended March 31, 2009 as compared to \$81.0 million for the same period in 2008. The decrease in expenses between these periods is primarily attributable to the number and severity of weather events in the first quarter of 2008 as compared to the same 2009 period and the adoption of new snow management processes in 2009 which resulted in an \$11.6 million decrease in snow removal expense in the first quarter of 2009 as compared to the first quarter of 2008. Other areas where the GTAA experienced reductions in goods and service expense in the first quarter of 2009 as compared to 2008 include utilities expense, primarily due to lower natural gas and electricity prices, and lower expenses for professional and contractual services.

Salaries, wages and benefits decreased by \$0.6 million in the three-month period ended March 31, 2009, compared to the same period in 2008. The decrease is largely due to decreases in overtime and pension expenses. In 2009 the GTAA implemented a salary freeze which affects the majority of the GTAA's non-unionized employees.

The GTAA has an exemption from the payment of real property taxes under the *Assessment Act (Ontario)*, and instead pays payments-in-lieu of taxes ("PILT") to each of the Cities of Toronto and Mississauga as prescribed by an Ontario regulation. The PILT amount is based on passenger volumes in a prior year and therefore the increase from \$6.0 million in the first three months of 2008 to \$6.3 million in the comparable 2009 period reflects the increased annual passenger volumes in the underlying year (2006 as compared to 2005) used in the calculation. The increase in passenger activity from 2006 to 2008 will be reflected in higher PILT payments in future years.

Interest and financing costs were \$102.4 million for the three months ended March 31, 2009, as compared to \$111.8 million for the same period in 2008. The reduction is mainly attributable to a lower provision for the estimated fair value of the restructured Asset Backed Commercial Paper ("ABCP") notes which the GTAA holds, offset by lower interest income, which is netted against interest expense.

Amortization of property and equipment decreased in the first quarter of 2009 to \$50.1 million from \$52.2 million in the comparable 2008 period. The GTAA uses

the declining balance method to calculate depreciation of property and equipment. This methodology will result in declining amortization of property and equipment on a year-over-year basis absent any significant changes in the asset base.

Net Operating Results

The revenues and expenses discussed in the previous sections generated the following net operating results for the three-month periods ended March 31, 2009 and 2008.

(in thousands)	2009	2008
Revenues	\$272,170	\$288,489
Operating expenses	133,390	151,301
Revenue over expenses	138,780	137,188
Interest and financing costs, net	102,443	111,838
Amortization of property and equipment	50,067	52,181
Revenues under expenses	\$ (13,730)	\$(26,831)

The components of revenues, operating expenses, interest and financing costs and amortization of property and equipment in the respective periods were discussed previously. Revenues over expenses, before interest and financing costs and amortization of property and equipment increased to \$138.8 million in the three months ended March 31, 2009, from \$137.2 million for the same period in 2008.

For the three-month periods ended March 31, 2009 and 2008, total revenues were less than total expenses. Airport activity exhibits certain seasonality and the first quarter is typically weaker than the second and third quarters which encompass the summer travel period. Expenses associated with winter operations such as snow removal and heating are typically at their highest in the first quarter of the year. The net operating results for the first quarter of any year can be expected to reflect this seasonality. During these three-month periods, the GTAA's revenues were more than sufficient to cover operating expenses and interest and financing costs.

SUMMARY OF QUARTERLY RESULTS

Selected unaudited quarterly financial information for the quarters ended June 30, 2007 through March 31, 2009 is set out in the following table.

(in millions)	2009		2008		2007			
	Mar	Dec	Sept	June	Mar	Dec	Sept	June
Quarter ended								
Revenues	\$272	\$274	\$315	\$292	\$288	\$ 282	\$ 330	\$ 280
Operating expenses	133	141	130	130	151	147	132	126
Revenues over expenses ¹	139	133	185	162	137	135	198	154
Interest and financing costs, net	102	130	108	103	112	119	114	101
Amortization	50	54	52	52	52	57	55	56
Revenues over (under) expenses	\$(13)	\$(51)	\$25	\$7	\$(27)	\$ (41)	\$29	\$(3)

Notes: ¹Revenues over expenses before interest and financing costs and amortization of property and equipment

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 impact operating costs in many ways which may result in quarterly results not being directly comparable. Due to these factors the historic quarterly results cannot be relied upon to determine future trends.

CAPITAL PROJECTS

After the GTAA assumed responsibility for the Airport, it initiated an extensive redevelopment program to improve and redevelop the facilities to meet current and future demand. The Airport Development Program ("ADP") included the construction of terminal facilities, roadways, cargo facilities, airside improvements such as runways and taxiways, ancillary services and utilities infrastructure. On January 30, 2007, with the opening of Pier F at Terminal 1, the ADP was essentially completed. The total cost of the ADP, which was completed on time and on budget, was \$4.4 billion.

Continued long-term growth in passenger demand will necessitate further expansion of Terminal 1. In order to facilitate this eventuality, the GTAA has developed a work plan, entitled the Post ADP Program, which includes the demolition of Terminal 2 and the Terminal 2 parking garage; apron construction in the area that Terminal 2 once occupied; replacing the Terminal 2 parking capacity and increasing the overall parking capacity at the Airport with the construction of a new parking facility in Area 6B on the east side of Airport Road; replacement of certain utilities infrastructure; and the preliminary design of Pier G at Terminal 1. The majority of this work is expected to be complete in 2009 with the exception of the preliminary design of Pier G and the demolition of the Terminal 2 parking garage which been deferred until future requirements warrant this work. The Post ADP Program has an authorized budget of \$439.7 million. Timing of the final design and construction of Pier G and other future Airport expansion is deferred, and will be dependent on demand.

During the first quarter of 2009 the principal work carried out under the Post ADP Program was the ongoing construction of the Area 6B parking facility which is expected to be completed by the end of 2009.

In addition, the GTAA has undertaken a program to expand and redevelop certain areas in Terminal 3, including the baggage handling systems and passenger processing areas as well as other improvements. Work is ongoing in the west end of the terminal where expansions to the passenger waiting areas, baggage system and security areas are scheduled to be completed in 2009.

In 2008 the GTAA approved another capital program to improve Terminal 3. This \$85.0 million project will see improvements to the food and beverage and other retail offerings in the terminal and changes to passenger processing and security areas designed to improve passenger connections and other passenger flows through the terminal. There were no material expenditures on this program in the first quarter of 2009. The majority of work under this program has been deferred and it is not expected to be completed until 2015.

Other capital projects were undertaken during the quarter to upgrade, refurbish or replace existing facilities. During the first quarter of 2009, a total of \$3.1 million was expended, primarily on taxiway restoration projects.

The GTAA has historically funded, and expects to continue to fund, capital projects through borrowing in the debt capital markets.

ASSETS AND LIABILITIES

Total assets and liabilities as at March 31, 2009 as compared to December 31, 2008 are set out below.

<u>(in millions)</u>	<u>March 31, 2009</u>	<u>December 31, 2008</u>
Total Assets	\$7,086.9	\$7,302.0
Total Liabilities	\$7,499.6	\$7,700.9

At March 31, 2009 total assets were \$7.09 billion as compared to \$7.30 billion at December 31, 2008. Changes in assets in the first quarter of 2009 include a decrease in cash and cash equivalents of \$191.8 million as funds raised in the debt capital markets in 2008 were used in the repayment of debt in the first quarter of 2009. Reserves and other funds increased by \$1.2 million in the first quarter of 2009 due to ongoing funding of the Notional Principal Fund, partially offset by a reduction in the Debt Service Reserve Fund for the Series 2004-2 MTN which matured and was repaid on February 4, 2009.

Total liabilities at March 31, 2009 were \$7.50 billion as compared to \$7.70 billion at December 31, 2008. Changes in liabilities include an increase in bank indebtedness of \$19.0 million due to the timing of cash receipts and disbursements and a decrease in the current portion of long-term debt of \$204.7 million as the Series 2004-2 MTN was repaid.

The net deficiency reported on the balance sheet is a combination of the reserve funds which have been funded through operating revenue and cumulative revenues under or over expenses. Annually, revenues after operating expenses and interest and financing costs have not been sufficient to cover amortization of property and equipment for several years. As a result the GTAA has recorded revenues under expenses. This has resulted in a cumulative deficit position of \$412.7 million as at March 31, 2009. Debt service included in the aeronautical charges includes a notional principal amount based on a 30-year amortization which is lower in the early years of the debt and increases over time, similar to the principal payments of a mortgage. This notional principal amount is set aside in a reserve fund and it is the GTAA's intention to use these funds for future debt repayment. The amortization of the GTAA's most significant assets is reported on a declining balance basis, which is higher in the early years of the asset life and decreases over time. This differential contributes to the GTAA's current deficit position. It is anticipated that when the principal component

included in the landing fee increases to a level where it is equal to or exceeds the reducing amount of amortization of property and equipment, revenue will exceed all expenses including amortization of property and equipment, providing the potential for improvement to the net asset position.

LIQUIDITY AND CAPITAL RESOURCES

The GTAA is a non-share corporation and accordingly is funded through aeronautical and non-aeronautical revenues, AIF revenue, reserve funds, the debt capital markets and its syndicated bank credit facility. As noted previously, aeronautical charges are set each year to cover the projected operating costs, including debt service and reserve requirements, after consideration of the projected air traffic and passenger activity and non-aeronautical revenues. Consistent with its residual approach, any funds generated by the GTAA are used to cover costs within its mandate.

On February 4, 2009, the GTAA repaid the \$250 million Series 2004-2 MTN using a combination of cash and reserve funds.

The GTAA has a \$500 million credit facility and a \$50 million facility for interest rate and foreign exchange hedging activities, both with the same banking syndicate. These facilities mature on November 22, 2010 and can be extended annually for one additional year with the lenders' consent. At the time of the last extension option, in the third quarter of 2008, the GTAA elected not to request an extension of the maturity date of the credit facilities. There was, and continues to be, no indication that the banking syndicate would not have consented to the extension had it been requested. The banking facility is used to fund capital or operating expenses, as required, and provides flexibility on the timing for accessing the capital markets in the future. This facility ranks *pari passu* with all other debt of the GTAA. As at March 31, 2009, the GTAA had \$34.3 million drawn under the credit facility, including, \$2.3 million drawn by way of a letter of credit.

Total reserve funds at the end of March 2009, were \$899.3 million, as compared to \$898.1 million at December 31, 2008. All of the reserve funds are cash funded and invested and depending on the nature of the fund, are held by the Trustee for specific purposes as required under the Trust Indenture, or held by the GTAA in accordance with its own policies.

The GTAA currently holds \$180.9 million of restructured ABCP. Because of the lack of liquidity for these securities, all of the affected ABCP held by the GTAA outside of reserves and other funds has been reclassified to other investments.

At March 31, 2009 the GTAA had a working capital deficiency of \$227.4 million. As of that date the GTAA had available \$899.3 million in reserves which are classified as long-term assets and \$465.7 million of credit available under its credit facility. The GTAA believes that this provides sufficient liquidity to mitigate any potential impact of the reported working capital deficiency.

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 maximize the flexibility in accessing capital markets as may be required. The GTAA monitors its cash flow requirements accordingly. Given the current available credit facility, reserves and projected operating revenues and costs, the GTAA does not anticipate any funding shortfalls during 2009. However, there may be events outside of the control of the GTAA that could negatively impact its liquidity.

Asset Backed Commercial Paper

On January 21, 2009, the restructuring of the ABCP held by the GTAA was implemented. This ABCP had been "frozen" since July 2007 as the Pan-Canadian Investors Committee for Third-Party Asset Backed Commercial Paper (the "Committee") negotiated a restructuring of these notes. The face value of the GTAA's original investment in the ABCP was \$182.2 million. Under the restructuring the GTAA received \$180.9 million of restructured notes as follows:

- \$61.7 million Master Asset Vehicle ("MAV") II Class A-1 Notes, rated "A" by DBRS with an expected term to maturity of approximately 8 years
- \$59.1 million MAV II Class A-2 Notes, rated "A" by DBRS with an expected term to maturity of approximately 8 years
- \$10.7 million MAV II Class B Notes, which are unrated and have an expected term to maturity of approximately 8 years
- \$4.1 million MAV II Class C Notes, which are unrated and have an expected term to maturity of approximately 8 years
- \$2.1 million Traditional Asset ("TA") Tracking Notes in one class which are unrated and have an expected term to maturity of approximately 5 years

- \$43.2 million Ineligible Asset (“IA”) Tracking Notes in 8 classes which are unrated and have expected terms to maturity from 5 to 22 years.

The notes received have the following characteristics:

- TA Tracking Notes are long-term floating rate notes backed by traditional securitized assets;
- IA tracking Notes are long-term floating rate notes backed by traditional securitized assets with exposure to the U.S. sub-prime mortgage market; and
- MAV Notes, issued in four classes (A-1, A-2, B and C), are long-term floating rate notes backed by a combination of leveraged collateralized debt, synthetic assets and traditional securitized assets.

The MAV II Class A-1 and A-2 Notes and the TA and IA Tracking Notes pay interest on a quarterly basis at variable interest rates. It is not expected that the MAV II Class B and C Notes will pay current interest, instead interest will accrue and to the extent possible be paid after the Class A-1 and A-2 Notes are repaid.

The GTAA estimated the fair value of its restructured ABCP holdings as at March 31, 2009 to be \$83.4 million, approximately 46.1% of the \$180.9 million face value.

The valuation technique used by the GTAA to estimate the fair value of its investment in restructured ABCP at March 31, 2009, incorporates discounted cash flows derived considering the best available public information regarding market conditions and other factors that a market participant would consider for such investments. The assumptions used in determining the estimated fair value reflect the details included in the information statements issued by the Committee, the monitor for the restructuring and other public information and the risks associated with each of the long-term floating rate notes.

Assumptions regarding the interest rates and maturities of the various long-term floating rate notes, discount rates and credit losses used in estimating the fair value include:

	Class A-1	Class A-2	Class B	Class C	TA Notes	IA Notes
Interest rate	0.04%	0.04%	0.04%	0.04%	0.97%	0.97%
Discount rate ⁽¹⁾	8.23%	8.48%	45%	10%	6.43%	19.46%
Approximate term	8 years	8 years	8 years	8 years	5 years	5 to 22 years

(1) For Class B and C Notes the indicated rate is the fair value as a per cent of face value and not the discount rate. For IA Notes the discount rate is applied after the credit provision.

Two benchmarks were utilized to determine the discount rates used in estimating the fair value of the Class A-1 and A-2 Notes as at March 31, 2009. One method used bankers' acceptance rates plus expected spreads for "A" rated financial institution debt with similar maturities. This benchmark was chosen as indicative of the market discount factor that would be applied to the restructured securities as financial institution credit spreads are at historically wide spreads relative to other similarly rated debt due to many of the same uncertainties that the restructured notes face, such as structured product and derivative exposure and counterparty risk. This benchmark was allocated a weighting of 25% in determining the discount rate. The second benchmark, weighted 75%, used to determine the appropriate discount rate, utilized the spread or premium paid on the CDX.NA.IG five-year index to determine the appropriate spread over seven year government bond rates. The CDX index was chosen in addition to the financial institution spread as it is an alternate indicator of investment grade credit market conditions and provides a second measure of investor sentiment in what continue to be uncertain markets. While the restructured notes are subject to credit enhancements such as restructured and remote margin call provisions, a margin call moratorium, cross-collateralization and a dedicated margin funding facility which support an investment grade credit rating, an additional 200 and 225 basis points was added to the discount rate of the Class A-1 and Class A-2 Notes, respectively, to further reflect the uncertainties surrounding these specific instruments.

The Class B and C Notes were valued on an equity basis at 45% and 10% of face value, respectively, indicative of their subordination as to payment of both principal and interest under the restructuring proposal.

The IA Tracking Notes were valued using a discount rate equivalent to the current market yield on ten-year "B" rated bonds, reflecting the reduced credit quality of these securities due to their exposure to the U.S. sub-prime mortgage market.

The TA Tracking Notes were discounted at a rate consistent with current market yield on highly rated asset backed term notes with a similar term to maturity.

An increase of 1% in the weighted average discount rate would reduce the estimated fair value of the GTAA's investment in the restructured ABCP by approximately \$5.3 million.

The probability weighted discounted cash flows resulted in an estimated fair value of the GTAA's ABCP of \$83.4 million as at March 31, 2009. This was a decrease of \$8.9 million from the December 31, 2008 estimated fair value. Concurrent with the implementation of the restructuring, the GTAA received a payment of \$6.2 million representing interest accrued on the ABCP from August 2007 to August 2008. The disbursement of these funds was the primary cause of the reduction of the estimated value of the restructured notes held by the GTAA. The balance of the reduction in value was due to the reduction in face value of the restructured notes as compared to the ABCP holdings at December 31, 2008, and the change in discount rates used in the valuation methodology.

An additional payment representing accrued interest for the period September 2008 to the restructuring date is expected to be paid in the second quarter of 2009.

On April 22, 2009 the MAV II failed to make the first regularly scheduled interest payment to holds of the Class A-2 Notes. As a result, on April 24, 2009, DBRS placed the ratings of the MAV II Class A-2 Notes under review with negative implications. No other classes of restructured ABCP rated by DBRS were affected by this development.

Continuing uncertainties regarding the value of the assets which underlie the restructured notes and the amount and timing of cash flows could give rise to further material change in the fair value of the GTAA's investment in the restructured ABCP.

The GTAA has sufficient cash and other sources of liquidity available to meet its reserve requirements, and to fund its operating, capital and financing

obligations, and does not expect that its operations will be materially affected by the current uncertainty over the carrying value of its restructured ABCP investments.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies of the GTAA are set out in Notes 4 and 5 of the Financial Statements and Notes as of December 31, 2008 and 2007. There were no changes to accounting policies of the GTAA in the first quarter of 2009.

In February 2008, the Accounting Standards Board (“AcSB”) confirmed that the transition date for the use of International Financial Reporting Standards (“IFRS”) will be January 1, 2011. The transition will require the restatement, for comparative purposes, of amounts reported by the Corporation for its year ended December 31, 2010, and of the opening balance sheet as at January 1, 2010.

The GTAA has prepared a formal conversion plan to implement IFRS which consists of three phases: scoping and diagnostic, analysis and development, and implementation and review.

During the first quarter of 2009, the GTAA continued with Phase Two of its IFRS conversion plan which consists of detailed analysis and development of the financial impacts of various options and alternative methodologies provided for under IFRS; identification and design of operational and financial business processes; and development of required solutions to address identified issues. Through this process the GTAA continues to assess the financial reporting impacts of the adoption of IFRS. At this time, the impact on future financial position and results of operations cannot be reasonably determined or estimated.

INTERNAL CONTROLS AND PROCEDURES

GTAA 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 March 31, 2009 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 of Directors has reviewed and approved the GTAA’s Policy Regarding Corporate Disclosure Controls and Procedures. Management has determined that as at March 31, 2009, the design and operation of the disclosure controls and procedures continues to be effective.

GTAA management is responsible for designing and implementing internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Corporation’s reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. While no material weaknesses with respect to internal controls over financial reporting were identified during the assessment, such 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 Corporation’s policies and procedures. There were no changes in the GTAA’s internal control over financial reporting that occurred during the quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

RISKS AND UNCERTAINTIES

The GTAA will continue to face certain risks beyond its control which may or may not have a significant impact on its financial condition.

The risk of sudden and possibly significant impacts or volatility in air travel demand due to external sources such as economic conditions, geopolitical unrest, terrorism, government regulation and world health epidemics, continue to exist. Any of these could impact the GTAA’s financial results. Due to current economic conditions the GTAA anticipates that passenger demand and aeronautical activity will decline in 2009 when compared to 2008 levels. It is

expected that the decrease in 2009 passenger volumes will have a negative impact on the GTAA's revenues.

The financial stability of the aviation industry remains a risk for the GTAA, particularly with respect to domestic air carriers. To date the GTAA has not experienced any material losses directly due to foreign air carriers filing for bankruptcy protection. However, the GTAA has incurred losses due to Canadian airlines seeking creditor protection or declaring bankruptcy. There is some risk to aviation activity and revenues from industry changes or exposure to a dominant air carrier. This risk is increased during periods of economic uncertainty. However, this risk is mitigated by the fact that approximately 75% of the passenger activity at the Airport originates or terminates at Toronto Pearson. The GTAA is in the process of implementing enhanced credit and collection policies that will further mitigate this risk.

There is always risk when raising funds in the capital markets, including risks relating to fluctuations in 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 impact the GTAA's ability to access the capital markets. While the GTAA debt program has historically been well received by the capital markets in Canada, the current dislocation in the global capital markets could affect the GTAA's ability to meet its financing requirements. The GTAA monitors the overall debt markets and works with its financial advisors to select the timing, size and term of any debt issue to ensure continued access to the markets and to maximize opportunities. The GTAA also monitors its debt maturity profile to minimize refinancing risk in the future.

On March 3, 2008 the results of a vote by the employees of the GTAA represented by Public Service Alliance of Canada Locals 00004 and 00005 and the Canadian Auto Workers Local 2002 were announced and the Canadian Auto Workers (the "CAW") was given the mandate to represent the unionized employees of the Corporation with the exception of those employees represented by the Pearson Airport Professional Firefighters Association. The GTAA and CAW Local 2002 have been negotiating a consolidated collective agreement but have been unable to agree on terms. The parties are scheduled to appear before the Canadian Industrial Relations Board in May 2009. If the CIRB instructs the parties to re-engage in negotiations and the negotiations reach an impasse, then a conciliator will be appointed to assist the parties to reach a settlement. If the conciliation fails, then mandatory mediation will occur during which time, the CAW may issue a strike notice or

the GTAA may issue a lockout notice. It is anticipated that the primary impact of a strike or lockout of GTAA's unionized employees would be delays in accessing the Airport due to picketing activity.

In addition, there is the possibility of a strike by the unionized employees of Air Canada, whose collective agreements will expire in June 2009. It is anticipated that a strike or lockout of Air Canada's unionized employees could result in delays in accessing the Airport due to picketing activity, and could result in a decrease in the GTAA's revenues if Air Canada's operations are materially impacted. In the event of a strike by the unionized employees of the GTAA or Air Canada, the GTAA will implement its labour contingency plans to maintain airport operations.

Localized or global health issues may significantly affect air travel demand in the south-central Ontario region served by the Airport. The GTAA is monitoring the effects on air travel of the recent outbreak of influenza A (H1N1) centered in Mexico and the GTAA's financial performance.

Other risks and uncertainties are discussed in the Management's Discussion and Analysis and the Annual Information Form for the year ended December 31, 2008.

CONCLUSION

The first quarter of 2009 saw a continuation of the decline in demand for air transportation that started in the last quarter of 2008. The GTAA has developed a four-point plan to mitigate the effects of the traffic decline which includes cost reduction measures, the postponement of certain capital projects, an increase to the Airport Improvement Fee and the implementation of an air service rebate program that offers rebates on landing fees to air carriers who introduce new routes to the Airport or increase their aircraft capacity on existing routes serving the Airport. The impact of this plan is evident in the first quarter results of the GTAA.

The four-point plan is consistent with the GTAA's current five-year strategic plan which is intended to further develop revenue, efficiency and customer service initiatives and will position the GTAA and Toronto Pearson to capitalize on opportunities as the economy and air travel demand recover in future years.

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: declining passenger demand and aeronautical activity in 2009, including any impact on the GTAA’s financial performance; the effectiveness of the GTAA’s four-point plan to address declining passenger traffic; future demand for air travel in the GTA; budgets and expenditures relating to capital programs; future capital development at the Airport; the GTAA’s annual debt capital requirements; the relationship between the GTAA’s revenues and reserve funds, and its operating expenses and interest and financing costs; non-aeronautical revenues; airline load factors and fleet mixes; the GTAA’s liquidity, including any impact on the GTAA’s working capital deficiency; the impact of various factors on the GTAA’s quarterly financial results; the impact of any labour unrest on Airport operations or the GTAA’s financial results; the impact of any “Open Skies” agreements on air service at the Airport; the GTAA’s ability to continue to meet the increasing air travel needs of the south-central Ontario region; the estimated fair value of the GTAA’s restructured ABCP holdings; continuing uncertainties regarding the value of the assets which underlie the restructured ABCP and the amount and timing of cash flows derived from the restructured ABCP; the possibility of further material changes in the value of the GTAA’s restructured ABCP holdings; and the effect of the current uncertainty regarding the GTAA’s restructured ABCP investments on its liquidity and operations.

This forward-looking information is based on a variety of material factors and assumptions including, but not limited to: long-term growth in population,

employment and personal income will provide the basis for long-term increased aviation demand in the GTA; the Canadian and U.S. economies will perform at expected levels in the near term; air carrier capacity will meet demand for air travel in the GTA; the growth and sustainability of low fare and other air carriers will contribute to long-term aviation demand in the GTA; economic and air travel industry factors will result in a short-term decline in air travel at the Airport; domestic, transborder and international travel will exhibit long-term growth; the commercial aviation industry will not be directly affected by terrorism; the cost of enhancing aviation security will not overly burden air carriers or the GTAA; no significant event will occur which impacts the ordinary course of business such as a natural disaster or other calamity; and the GTAA will be able to access the capital markets at competitive terms and rates. 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: levels of aviation activity; air carrier instability; aviation liability insurance; fuel prices; construction risk; geographical unrest; terrorist attacks; war; health epidemics; labour negotiations; capital market and economic conditions; changes in laws; adverse regulatory developments or proceedings; 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 the GTAA's 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 included in this MD&A whether as a result of new information, future events or for any other reason.

**Financial Statements of the
Greater Toronto Airports Authority**

March 31, 2009

(unaudited)

Greater Toronto Airports Authority

Balance Sheet

(unaudited)(in thousands)	March 31 2009	December 31 2008
Assets		
Current		
Cash and cash equivalents	\$ 2,100	\$ 193,911
Accounts receivable	41,086	45,677
Prepaid expenses	6,457	3,430
Inventory	9,157	8,843
	58,800	251,861
Reserve and other funds (Note 2)	899,343	898,096
Other investments (Note 3)	25,026	27,040
Other assets (Note 5)	68,625	70,387
Property and equipment (Note 6)	5,699,031	5,690,769
Work in progress (Note 7)	311,889	340,411
Accrued benefit asset	24,212	23,395
	\$ 7,086,926	\$ 7,301,959
Liabilities		
Current		
Bank indebtedness	\$ 20,056	\$ 1,036
Accounts payable and accrued liabilities	71,230	84,584
Security deposits and deferred credits	32,515	36,374
Current portion of deferred ground rent	4,156	4,156
Current portion of long-term debt (Note 8)	158,286	362,993
	286,243	489,143
Deferred credit (Note 5)	37,069	37,619
Deferred ground rent	23,899	24,938
Long-term debt (Note 8)	7,152,402	7,149,180
	7,499,613	7,700,880
Net Assets (Deficiency) (Note 13)		
Externally restricted	69,952	72,579
Internally restricted	281,604	261,932
Unrestricted	(764,243)	(733,432)
	(412,687)	(398,921)
	\$ 7,086,926	\$ 7,301,959

Greater Toronto Airports Authority

Statement of Operations

For the three-month period ended March 31
(unaudited)(in thousands)

	2009	2008
Revenues		
Landing fees	\$ 102,191	\$ 108,482
General terminal charges	42,848	44,731
Airport improvement fees, net (Note 4)	58,610	63,662
Car parking and ground transportation	29,076	31,717
Concessions	19,443	19,286
Rentals	13,968	14,084
Other	6,034	6,527
	272,170	288,489
Operating Expenses		
Ground rent	35,154	35,515
Goods and services	63,790	81,063
Salaries, wages and benefits	28,186	28,759
Real property taxes and payments-in-lieu of real property taxes	6,260	5,964
	133,390	151,301
Revenues over expenses before interest and financing costs, net and amortization	138,780	137,188
Interest and financing costs, net (Note 2 and 9)	102,443	111,838
Amortization of property and equipment	50,067	52,181
Revenues under expenses	\$ (13,730)	\$ (26,831)

Greater Toronto Airports Authority

Statement of Changes in Net Assets (Deficiency)

Three-month period ended March 31, 2009 (unaudited)(in thousands)	Balance, Beginning of Year	Unrealized Changes in Net Assets	Revenues Under Expenses	Transfers/ Allocations and Other	Use of Funds	Balance, End of Period
Externally restricted						
Operating and maintenance reserve	\$ 50,299	\$ -	\$ -	\$ 653	\$ -	\$ 50,952
Renewal and replacement reserve	3,000	-	-	-	-	3,000
Debt service fund - principal	19,280	-	-	1,500	(4,780)	16,000
	72,579	-	-	2,153	(4,780)	69,952
Internally restricted						
Airport improvement fees collected, net	142,112	-	-	40,405	(53,820)	128,697
Notional principal of long-term debt	-	-	-	32,500	-	32,500
Debt service coverage requirement	119,820	-	-	587	-	120,407
	261,932	-	-	73,492	(53,820)	281,604
Total Restricted net assets	334,511	-	-	75,645	(58,600)	351,556
Unrestricted						
Unrestricted net deficiency	(735,994)	-	(13,730)	(17,045)	-	(766,769)
Accumulated unrealized changes in net assets:						
Loss on hedge	(7,737)	231	-	-	-	(7,506)
Gain on interest rate swap	10,299	(267)	-	-	-	10,032
Unrestricted net deficiency	(733,432)	(36)	(13,730)	(17,045)	-	(764,243)
Total Net deficiency	\$ (398,921)	\$ (36)	\$ (13,730)	\$ 58,600	\$ (58,600)	\$ (412,687)

Three-month period ended March 31, 2008 (unaudited)(in thousands)	Balance, Beginning of Year	Unrealized Changes in Net Assets	Revenues Under Expenses	Transfers/ Allocations and Other	Use of Funds	Balance, End of Period
Externally restricted						
Operating and maintenance reserve	\$ 61,175	\$ -	\$ -	\$ (3,288)	\$ -	\$ 57,887
Renewal and replacement reserve	3,000	-	-	-	-	3,000
Debt service fund - principal	8,682	-	-	5,418	-	14,100
	72,857	-	-	2,130	-	74,987
Internally restricted						
Airport improvement fees collected, net	106,387	-	-	43,112	(43,905)	105,594
Notional principal of long-term debt	49,878	-	-	30,000	(3,918)	75,960
Debt service coverage requirement	128,463	-	-	(1,430)	-	127,033
	284,728	-	-	71,682	(47,823)	308,587
Total Restricted net assets	357,585	-	-	73,812	(47,823)	383,574
Unrestricted						
Unrestricted net deficiency	(713,154)	-	(26,831)	(25,989)	-	(765,974)
Accumulated unrealized changes in net assets:						
Loss on hedge	(8,659)	230	-	-	-	(8,429)
Gain on interest rate swap	11,368	(267)	-	-	-	11,101
Unrestricted net deficiency	(710,445)	(37)	(26,831)	(25,989)	-	(763,302)
Total Net deficiency	\$ (352,860)	\$ (37)	\$ (26,831)	\$ 47,823	\$ (47,823)	\$ (379,728)

Greater Toronto Airports Authority

Statement of Cash Flows

For the three-month period ended March 31

(unaudited)(in thousands)

	2009	2008
Cash Flows from Operating Activities		
Revenues under expenses	\$ (13,730)	\$ (26,831)
Items not affecting cash		
Amortization of property and equipment	50,067	52,181
Writedown of reserve and other funds and other investments (Note 2)	2,700	12,800
Gain on disposal of property and equipment	(4)	(3)
Amortization of other assets	303	302
Excess of cash funding over pension expense	(817)	-
Change in fair value of derivative, net	1,459	316
Changes in non-cash working capital		
Decrease (Increase) in accounts receivable	4,591	(4,184)
Increase in prepaid expenses	(3,027)	(4,400)
Increase in inventory	(314)	(39)
Increase in accounts payable, accrued liabilities and accrued interest	6,914	19,535
Decrease in security deposits and deferred credits	(4,409)	(259)
	43,733	49,418
Cash Flows from Investing Activities		
Acquisition of property and equipment	-	(255)
Proceeds on disposal of property and equipment	10	10
Work in progress (Note 7)	(33,386)	(37,456)
Other investments	1,787	-
Reserve and other funds	(3,720)	(47,172)
	(35,309)	(84,873)
Cash Flows from Financing Activities		
Repayment of medium term notes and long-term debt	(250,216)	(366)
Draw on credit facility	32,000	-
Bank indebtedness	19,020	24,538
Decrease in deferred ground rent payable	(1,039)	(1,039)
	(200,235)	23,133
Net Cash Outflow	(191,811)	(12,322)
Cash and cash equivalents, beginning of year	193,911	149,822
Cash and cash equivalents, end of period	\$ 2,100	\$ 137,500

As at March 31, 2009, cash and cash equivalents consisted of short-term investments of \$2.1 million (2008 - \$137.5 million). Bank indebtedness includes bank overdraft as well as outstanding cheques of \$13.1 million (2008 - \$14.8 million).

1. Basis of Presentation

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting policies and methods of computation as the statements in the 2008 annual report. As these interim financial statements do not include all information required for annual financial statements, these notes should be read in conjunction with the notes to the 2008 financial statements published in the 2008 annual report of the Greater Toronto Airports Authority ("GTAA").

The GTAA's operations can be affected by seasonal fluctuations due to changes in customer travel demands. This seasonality could impact quarter-over-quarter comparisons.

2. Reserve and Other Funds

The Debt Service Fund and Debt Service Reserve Fund (the “Trust Funds”) and Operations, Capital and Financing Funds invested in cash and other investments are as follows:

(in thousands)	March 31 2009	December 31 2008
Debt Service Fund		
Interest	\$ 108,362	\$ 99,019
Principal	16,000	19,280
	124,362	118,299
Debt Service Reserve Fund		
Revenue Bonds		
Series 1997-3 due December 3, 2027	36,744	37,840
Series 1999-1 due July 30, 2029	40,082	41,178
Medium Term Notes		
Series 2000-1 due June 12, 2030	38,906	40,000
Series 2000-2 due July 19, 2010	20,848	23,123
Series 2001-1 due June 4, 2031	35,132	36,213
Series 2002-1 due January 30, 2012	31,027	31,948
Series 2002-2 due December 13, 2012	29,555	30,402
Series 2002-3 due October 15, 2032	38,482	39,493
Series 2004-1 due February 2, 2034	38,628	39,870
Series 2004-2 due February 4, 2009	-	11,426
Series 2005-1 due June 1, 2015	17,753	18,287
Series 2005-3 due February 15, 2016	16,409	16,881
Series 2006-1 due February 28, 2011	11,020	11,270
Series 2007-1 due June 1, 2017	21,823	22,432
Series 2007-2 due May 14, 2010	7,869	8,255
Series 2008-1 due April 17, 2018	26,222	26,672
Series 2008-2 due December 6, 2013	19,194	19,194
	429,694	454,484
Bank indebtedness secured by Series 1997 - A Bond	9,731	10,082
	439,425	464,566
Operations, Capital and Financing Funds		
Operating and Maintenance Reserve Fund	50,952	50,299
Renewal and Replacement Reserve Fund	3,000	3,000
Airport Improvement Fee Reserve Fund	128,697	142,112
Notional Principal Fund	32,500	-
Debt Service Coverage Fund	120,407	119,820
	335,556	315,231
	\$ 899,343	\$ 898,096

2. Reserve and Other Funds (continued)

Asset Backed Commercial Paper

As at March 31, 2009, the GTAA held \$180.9 million (December 31, 2008 - \$182.2 million), face value of non-bank sponsored asset backed commercial paper ("ABCP"). Of this balance, \$129.2 million (December 31, 2008 - \$130.2 million) was held in reserve and other funds and \$51.7 million (December 31, 2008 - \$52.0 million) was held in non-current other investments on the balance sheet (see Note 3, Other investments).

On January 12, 2009, the Ontario Superior Court of Justice issued the implementation order for the restructuring of ABCP. The restructuring was implemented effective January 21, 2009 and the GTAA received the following restructured notes, which have been classified as held-for-trading, under the plan:

- \$61.7 million Master Asset Vehicle ("MAV") II Class A-1 Notes, rated "A" by DBRS with an expected term to maturity of approximately eight years;
- \$59.1 million MAV II Class A-2 Notes, rated "A" by DBRS with an expected term to maturity of approximately eight years;
- \$10.7 million MAV II Class B Notes, which are unrated and have an expected term to maturity of approximately eight years;
- \$4.1 million MAV II Class C Notes, which are unrated and have an expected term to maturity of approximately eight years;
- \$2.1 million Traditional Asset ("TA") Tracking Notes in one class which are unrated and have an expected term to maturity of approximately five years;
- \$43.2 million Ineligible Asset ("IA") Tracking Notes in eight classes which are unrated and have expected terms to maturity from five to 22 years.

The notes received have the following characteristics:

- TA Tracking Notes are long-term floating rate notes backed by traditional securitized assets;
- IA tracking Notes are long-term floating rate notes backed by traditional securitized assets with exposure to the U.S. sub-prime mortgage market; and
- MAV Notes, issued in four classes (A-1, A-2, B and C), are long-term floating rate notes backed by a combination of leveraged collateralized debt, synthetic assets and traditional securitized assets.

The MAV II Class A-1 and A-2 Notes and the TA and IA Tracking Notes pay interest on a quarterly basis at variable interest rates. It is not expected that the MAV II Class B and C Notes will pay current interest, instead interest will accrue and to the extent possible be paid after the Class A-1 and A-2 Notes are repaid.

The GTAA estimated the fair value of its restructured ABCP holdings as at March 31, 2009 to be \$83.4 million, approximately 46.1% of the \$180.9 million face value.

2. Reserve and Other Funds (continued)

The valuation technique used by the GTAA to estimate the fair value of its investment in restructured ABCP at March 31, 2009, incorporates discounted cash flows derived from considering the best available public information regarding market conditions and other factors that a market participant would consider for such investments. The assumptions used in determining the estimated fair value reflect the details included in the information statement issued by the Committee, the monitor for the restructuring and other public information and the risks associated with each of the long-term floating rate notes.

Assumptions regarding the interest rates and maturities of the various long-term floating rate notes, discount rates and credit losses used in estimating the fair value include:

	Class A-1	Class A-2	Class B	Class C	TA Notes	IA Notes
Interest rate	0.04%	0.04%	0.04%	0.04%	0.97%	0.97%
Discount rate ⁽¹⁾	8.23%	8.48%	45.00%	10.00%	6.43%	19.46%
Approximate term	8 years	8 years	8 years	8 years	5 years	5 to 22 years

(1) For Class B and C Notes, the indicated rate is the fair value as a per cent of face value and not the discount rate. For IA Notes, the discount rate is applied after the credit provision.

Two benchmarks were utilized to determine the discount rates used in estimating the fair value of the Class A-1 and A-2 Notes as at March 31, 2009. One method used Bankers' Acceptance rates plus expected spreads for "A" rated financial institution debt with similar maturities. This benchmark was chosen as an indicative of the market discount factor that would be applied to the restructured securities as financial institution credit spreads are considered to be at historically wide spreads relative to other similarly rated debt due to many of the same uncertainties that the restructured notes face, such as structured product and derivative exposure and counterparty risk. This benchmark was allocated a weighting of 25% in determining the discount rate at March 31, 2009. The second benchmark, weighted 75%, used to determine the appropriate discount rate utilized the spread or premium paid on the CDX.NA.IG five-year index to determine the appropriate spread over seven year government bond rates. The CDX index was chosen in addition to the financial institution spread as it is an alternate indicator of investment grade credit market conditions and provides a second measure of investor sentiment in what continue to be uncertain markets. While the restructured notes are subject to credit enhancements such as restructured and remote margin call provisions, a margin call moratorium, cross-collateralization and a dedicated margin funding facility which support an investment grade credit rating, an additional 200 and 225 basis points was added to the discount rate of the Class A-1 and Class A-2 Notes, respectively, to further reflect the uncertainties surrounding these specific instruments.

2. Reserve and Other Funds (continued)

The Class B and C Notes were valued on an equity basis at 45% and 10% of face value, respectively, indicative of their subordination as to payment of both principal and interest under the restructuring proposal.

The IA Tracking Notes were valued using a discount rate equivalent to the current market yield on 10 year "B" rated bonds, reflecting the reduced credit quality of these securities due to their exposure to the U.S. sub-prime mortgage market.

The TA tracking notes were discounted at a rate consistent with current market yield on highly rated asset backed term notes with a similar term to maturity.

An increase of 1.0% in the weighted average discount rate would reduce the estimated fair value of the GTAA's investment in the restructured ABCP by approximately \$5.3 million.

The probability weighted discounted cash flows resulted in an estimated fair value of the GTAA's ABCP of \$83.4 million as at March 31, 2009. This was a decrease of \$8.9 million from the December 31, 2008 estimated fair value. Concurrent with the implementation of the restructuring, the GTAA received a payment of \$6.2 million representing interest accrued on the ABCP from August 2007 to August 2008. The disbursement of these funds was the primary cause of the reduction of the estimated fair value of the restructured notes held by the GTAA. The balance of the reduction in value was due to the reduction in face value of the restructured notes as compared to the ABCP holdings at December 31, 2008, and the change in discount rates used in the valuation methodology.

Continuing uncertainties regarding the value of the assets which underlie the ABCP, the amount and timing of cash flows and the outcome of the restructuring process could give rise to further material change in the value of the GTAA's investment in ABCP.

The GTAA has sufficient cash and other sources of liquidity available to meet its reserve requirements, and to fund its operating, capital and financing obligations, and does not expect that its operations will be materially affected by the current uncertainty over the carrying value of its ABCP investments.

3. Other Investments

At March 31, 2009, the GTAA held \$51.7 million (December 31, 2008 - \$52.0 million), face value, of restructured ABCP investments classified as other investments. For the quarter ended March 31, 2009, the GTAA recognized an additional \$0.2 million fair value impairment in respect of these restructured ABCP holdings (March 31, 2008 - \$2.5 million) and charged that balance to interest and financing costs in the statement of operations (see Note 2, Reserve and other funds). The total impairment charge recognized is approximately 51.6% of the total restructured value.

4. Airport Improvement Fees

Airport improvement fees ("AIF") reported in the statement of operations, are recorded net of airline administration charges of \$2.4 million for the three-month period ended March 31, 2009 (March 31, 2008- \$2.6 million).

5. Other Assets

(in thousands)		March 31, 2009		
	Cost	Accumulated Amortization	Net Book Value	
Deferred leasehold inducements	\$ 6,107	\$ 2,080	\$ 4,027	
Land acquisition costs	26,139	1,283	24,856	
	\$ 32,246	\$ 3,363	\$ 28,883	
Fair value of OPA derivative			39,742	
			\$ 68,625	

(in thousands)		December 31, 2008		
	Cost	Accumulated Amortization	Net Book Value	
Deferred leasehold inducements	\$ 6,107	\$ 1,908	\$ 4,199	
Land acquisition costs	26,139	1,152	24,987	
	\$ 32,246	\$ 3,060	\$ 29,186	
Fair value of OPA derivative			41,201	
			\$ 70,387	

The aggregate amortization expense in respect of other assets for the three-month period ended March 31, 2009 was \$0.3 million (March 31, 2008 - \$0.3 million) and is included in goods and services expense on the statement of operations. There were no additions to other assets during the three-month period ended March 31, 2009 (March 31, 2008 - \$nil).

On February 1, 2006, the GTAA entered into a Clean Energy Supply Contract ("CES") with the Ontario Power Authority ("OPA"), 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.

The contract has been determined to be a derivative to be carried at fair value. The fair value of the derivative as at March 31, 2009 was \$39.7 million. The GTAA realized an decrease in the fair value of the derivative during the quarter of \$0.1 million which was recorded in goods and services expense, and received cash proceeds of approximately \$1.4 million which reduced its carrying value.

The GTAA also recorded a deferred credit of \$42.0 million at the inception of the contract which is being amortized over the term of 20 years. The unamortized balance at March 31, 2009 was \$37.1 million (December 31, 2008 – \$37.6 million).

6. Property and Equipment

Property and equipment are comprised of:

(in thousands)	March 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Terminal Assets			
Buildings and support facilities, parking structures, pedestrian bridges and approach systems and apron works	\$ 5,237,482	\$ 644,544	\$ 4,592,938
Baggage handling systems	276,466	55,668	220,798
	5,513,948	700,212	4,813,736
Airside Assets			
Improvements to leased land	9,480	1,928	7,552
Runways and taxiways	392,258	50,279	341,979
Deicing facilities	29,906	6,565	23,341
	431,644	58,772	372,872
Other Assets			
Utilities and stormwater management facilities	345,630	53,158	292,472
Operating assets	619,851	401,436	218,415
Capital leases	9,999	8,463	1,536
	975,480	463,057	512,423
	\$ 6,921,072	\$ 1,222,041	\$ 5,699,031

(in thousands)	December 31, 2008		
	Cost	Accumulated Amortization	Net Book Value
Terminal Assets			
Buildings and support facilities, parking structures, pedestrian bridges and approach systems and apron works	\$ 5,184,503	\$ 613,749	\$ 4,570,754
Baggage handling systems	276,466	52,903	223,563
	5,460,969	666,652	4,794,317
Airside Assets			
Improvements to leased land	9,480	1,889	7,591
Runways and taxiways	392,258	48,541	343,717
Deicing facilities	29,906	6,418	23,488
	431,644	56,848	374,796
Other Assets			
Utilities and stormwater management facilities	345,597	50,798	294,799
Operating assets	614,562	389,546	225,016
Capital leases	10,001	8,160	1,841
	970,160	448,504	521,656
	\$ 6,862,773	\$ 1,172,004	\$ 5,690,769

7. Work in Progress

	March 31, 2009			
	Beginning of Year	Additions/ Adjustments	Transfers to Property and Equipment	End of Period
Terminal Development Project	\$ 262,000	\$ 19,512	\$ (54,034)	\$ 227,478
Restoration Projects	34,621	4,691	(3,970)	35,342
T3 Redevelopment	43,790	5,609	(330)	49,069
	\$ 340,411	\$ 29,812	\$ (58,334)	\$ 311,889

	December 31, 2008			
	Beginning of Year	Additions/ Adjustments	Transfers to Property and Equipment	End of Year
Terminal Development Project	\$ 96,388	\$ 179,340	\$ (13,728)	\$ 262,000
Restoration Projects	40,502	26,402	(32,283)	34,621
T3 Redevelopment	39,669	13,732	(9,611)	43,790
	\$ 176,559	\$ 219,474	\$ (55,622)	\$ 340,411

As at March 31, 2009, work in progress included capitalized interest and financing costs in the amount of \$29.7 million (December 31, 2008 – \$27.6 million).

8. Credit Facility and Long-Term Debt

During the three-month period ended March 31, 2009, the GTAA redeemed the 2004-2 medium term note with a face value of \$250 million.

As at March 31, 2009, long-term debt including accrued interest and net of unamortized discounts and premiums consisted of:

(in thousands) Series	Coupon Rate	Maturity Date	Principal Amount	March 31 2009	December 31 2008
Revenue Bonds, <i>See below</i>					
1997-3	6.45%	December 3, 2027	\$ 375,000	\$ 377,603	\$ 371,538
1999-1	6.45%	July 30, 2029	455,030	455,898	463,198
Medium Term Notes					
2000-1	7.05%	June 12, 2030	550,000	559,695	550,046
2000-2	6.70%	July 19, 2010	600,000	609,234	619,470
2001-1	7.10%	June 4, 2031	500,000	506,640	497,776
2002-1	6.25%	January 30, 2012	500,000	504,411	512,167
2002-2	6.25%	December 13, 2012	475,000	482,213	474,730
2002-3	6.98%	October 15, 2032	550,000	567,901	558,257
2004-1	6.47%	February 2, 2034	600,000	599,676	609,377
2004-2	4.45%	February 4, 2009	250,000	-	254,451
2005-1	5.00%	June 1, 2015	350,000	352,596	348,138
2005-3	4.70%	February 15, 2016	350,000	350,102	354,164
2006-1	4.40%	February 28, 2011	250,000	249,459	252,013
2007-1	4.85%	June 1, 2017	450,000	454,384	448,902
2007-2, <i>See below</i>	floating	May 14, 2010	350,000	349,941	350,649
2008-1	5.26%	April 17, 2018	500,000	509,461	502,767
2008-2	5.89%	December 6, 2013	325,000	329,024	324,159
				7,258,238	7,491,802
Capital Leases				1,080	1,296
Credit Facility				32,009	-
Province of Ontario					
Interest-free loan, payable in five equal annual installments commencing 2011				19,361	19,075
				7,310,688	7,512,173
Less current portion (including accrued interest)				158,286	362,993
				\$ 7,152,402	\$ 7,149,180

8. Credit Facility and Long-Term Debt (continued)

Interest expense from the GTAA's debt instruments for the three-month period ended March 31, 2009 amounted to \$103.0 million (March 31, 2008 – \$106.6 million) net of capitalized interest of \$5.0 million (2008 - \$2.8 million). Cash paid during the three-month period ended March 31, 2009 for interest amounted to \$91.5 million (March 31, 2008 - \$98.0 million).

For Series 2007-2 interest rates are adjusted quarterly at the three-month Bankers' Acceptance rate plus 11 basis points. From January 1, 2009 to March 31, 2009, interest rates ranged from 1.08% to 2.75% (January 1, 2008 to March 31, 2008 – 4.04% to 4.82%).

With the exception of Series 1999-1 revenue bond, principal on each series of revenue bonds and medium term notes is payable on the maturity date. Series 1999-1 are amortizing revenue bonds repayable in scheduled annual installments of principal, payable on July 30 of each year and continue until maturity.

With the exception of Series 2007-2, interest is payable semi-annually from the interest payable commencement date, based on fixed rates. For Series 2007-2, interest is payable quarterly based on floating rates.

With the exception of Series 2006-1, and Series 2007-2 medium term notes, which are not redeemable, the notes are redeemable in whole or in part at the option of the GTAA at any time at a redemption price based on yields over Government of Canada bonds with similar terms to maturity.

Credit Facility

The GTAA maintains a credit facility with a syndicate of six Canadian banks. The credit facility is secured by a \$550 million pledge bond (Series 1997-A) issued pursuant to the Trust Indenture. Indebtedness under the credit facility ranks *pari passu* with other indebtedness issued under the Trust Indenture. Under this credit facility, the GTAA is provided with a \$500 million facility for general corporate purposes and capital expenditures, and a \$50 million facility for interest rate and foreign exchange hedging activities. The facility matures on November 22, 2010 and can be extended annually for an additional year with the lenders' consent.

As at March 31, 2009, \$34.3 million was drawn on the \$500 million credit facility, \$2.3 million of which by way of a letter of credit (December 31, 2008 - \$2.3 million) (see Note 12, Commitments and contingent liabilities). 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 quarter ranged from 0.86% to 3.00% (March 31, 2008 – 3.88% to 6.00%) during the quarter.

9. Interest and Financing Costs, Net

Interest and financing costs for long-term debt and bank facilities, net of interest earned on the Debt Service Reserve Fund, reserves and other funds and capitalized interest is as follows:

(in thousands)	Three months ended	
	March 31	
	2009	2008
Interest and financing costs incurred	\$ 111,078	\$ 122,620
Less:		
Interest earned on the Debt Service Reserve Fund	(1,741)	(4,849)
Interest earned on Reserves and other funds	(1,899)	(3,107)
Capitalized interest	(4,995)	(2,826)
	\$ 102,443	\$ 111,838

Included in interest and financing costs incurred is a \$2.7 million fair value impairment (March 31, 2008 - \$12.8 million) in respect of the GTAA's restructured ABCP holdings. (see Note 2, Reserve and other funds).

10. Taxation

The GTAA is exempt from federal and provincial income tax and Ontario capital tax.

The GTAA is exempt from real property tax under the *Assessment Act (Ontario)*. However, the GTAA is required to pay each of the Cities of Toronto and Mississauga an amount as calculated in accordance with regulations under the *Assessment Act (Ontario)* as a payment-in-lieu of real property taxes.

11. Related Party Transactions

Directors' fees expense for the three-month period ended March 31, 2009 was \$224,720 (March 31, 2008 - \$173,187).

12. Commitments and Contingent Liabilities

Capital Commitments

In connection with the operation and development of the Airport, the GTAA had capital commitments outstanding at March 31, 2009 of approximately \$145.4 million (December 31, 2008 - \$159.8 million).

12. Commitments and Contingent Liabilities (continued)

The GTAA would be required to pay a Deficiency Rent (see Note 3, Airport subject to ground lease) equal to any shortfall which may exist between actual eligible capital expenditures and target capital expenditure amounts established in the Ground Lease. Target capital expenditure amounts, subject to adjustments for inflation, were set at approximately \$422.0 million by December 31, 2001 and \$345.0 million by December 31, 2006, both of which the GTAA has met. Target capital expenditure amounts, subject to adjustments for inflation, have also been established for the five-year periods ending December 31, 2011 and 2016 at \$313.0 million and \$835.0 million, respectively, with total target capital expenditures aggregating \$1.92 billion. The GTAA has met this capital expenditure target.

Letter of Credit

A letter of credit for \$2.25 million was outstanding at March 31, 2009 (see Note 9, Credit facility and long-term debt), relating to the GTAA's Clean Energy Supply Contract with the Ontario Power Authority. The letter of credit expires April 11, 2010.

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.

The GTAA performs environmental assessments as part of its ongoing environmental management program and has achieved ISO 14001 certification.

Roadway Infrastructure

In connection with receiving a deferral for the payment of land transfer tax to the Province of Ontario until 2011 (see Note 8, Credit facility and long-term debt), the GTAA has agreed to participate in the development of highway infrastructure and transit improvements related to the Airport. The GTAA has undertaken significant transportation infrastructure work in meeting this requirement.

Boeing Lands

In July 2001, the GTAA and Boeing Canada Operations Ltd. (formerly Boeing Toronto, Ltd.) ("Boeing") signed an agreement, amended in June 2002, under which Boeing agreed to sell to the GTAA 45.73 hectares of land adjoining the Airport property for a total of \$30 million. These lands will be transferred by Boeing in stages. The first parcel representing 16.1 hectares of land was conveyed on May 29, 2006 and the remaining lands will be conveyed from time to time over a maximum period of 20 years from that date. While the

12. Commitments and Contingent Liabilities (continued)

GTAA retains use of the land, title to the first parcel has been transferred to the federal government as required under the terms of the Ground Lease. Deposits totalling \$4.7 million, which were recorded in work in process, have been made and will be applied to the purchase price of the future parcels.

Insurance

The Government of Canada has issued an Order in Council providing full indemnity to the Canadian aviation industry for any coverage that was lost due to the cancellation of war and terrorism insurance. The Order in Council has been approved for 2009. Official declarations of its status occur every 90 days to account for the potential of change in the insurance industry. As part of the original Order in Council of September 2001, the GTAA was required to purchase a \$50 million primary layer of war and terrorist coverage from the commercial markets. This coverage is in place for 2009.

Cogeneration Facility

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 facility. 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 delivery contract establishes a maximum volume of natural gas inventory that the GTAA is permitted to maintain, as of the anniversary date. 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, which arise in the normal course of business. Where appropriate, the GTAA has recorded provisions or reserves while it actively pursues its position. Where it is the opinion of management that the ultimate outcome of these matters will not have a material effect upon the GTAA's financial position, results of operations, or cash flows, no provisions have been recorded.

Air France

Subsequent to the Air France incident on August 2, 2005, the GTAA, together with other parties, is a defendant in ten lawsuits, including a class action lawsuit involving most passengers and their family members. The GTAA's insurers are defending the lawsuits. It is the opinion of management that the GTAA's financial exposure is limited to its insurance deductible.

13. Capital Risk Management

The GTAA is a non-share corporation and, accordingly, is funded through operating revenues, AIF revenue, reserve funds, the debt capital markets and its syndicated bank credit facility. Aeronautical charges are set each year to cover the projected operating costs, including debt service and reserve requirements, after consideration of the projected air traffic and passenger activity and non-aeronautical revenues. Consistent with its residual approach, any funds generated by the GTAA are used to cover costs within its mandate.

As at March 31, 2009, a net deficiency existed amounting to \$412.7 million (December 31, 2008 - \$398.9 million). The GTAA has established within its net assets (deficiency), funds for operational requirements and debt-related obligations. The net assets (deficiency) consist of three components: externally restricted, internally restricted and unrestricted.

Externally Restricted

A portion of the net assets has been allocated for operational purposes pursuant to the Operating and Maintenance Reserve Fund, the Renewal and Replacement Reserve Fund and the Debt Service Fund – Principal (see Note 2, Reserve and other funds) set out in the Trust Indenture (see Note 8, Credit facility and long-term debt).

Internally Restricted

A portion of the fees that have been collected in revenue has been allocated for capital projects and for debt-related obligations of notional principal and debt service coverage requirements (see Note 2, Reserve and other funds). In conjunction with the airport improvement fee agreement with the airlines, a portion of the fee that has been collected has been allocated to a reserve fund. The internally restricted net assets are held in separate investment accounts by the GTAA and are disbursed in accordance with its policies or commitments for these funds.

Unrestricted

Unrestricted net assets represents the cumulative revenue under expenses, including amortization, interest expense incurred and required to fund the Debt Service Fund – Interest, and the cumulative unrealized changes in net assets, which remains after externally and internally restricted reserve fund cash commitments described above have been made.

Capital Markets Platform

As a corporation without share capital, the GTAA's ongoing capital requirements are financed through the issuance of debt. The GTAA developed a financing plan referred to

13. Capital Risk Management (continued)

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, and supplemented 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, reserve 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 as designated from time to time. The Debt Service Reserve Funds are funded from the net proceeds of each bond or medium term note issuance (see Note 2, Reserve and other 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. 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 March 31, 2009, the GTAA was not in default of the trust indenture as defined therein.

14. Subsequent Event

On April 22, 2009, the MAV II Class A-2 Notes failed to make the first regularly scheduled interest payment to noteholders (See Note 2, Reserves and other funds). As a result, on April 24, 2009, DBRS placed the ratings of these Notes under review with negative implications. No other classes of restructured ABCP rated by DBRS were affected by this development.

15. Comparative Figures

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