

DIRECTOR COMPENSATION PRINCIPLES

The following principles will apply to setting the levels of compensation for Directors.

1. Compensation paid to Directors will neither unduly reward, nor unduly penalize, an individual for choosing to serve on the Airport Authority Board rather than on any other Board of Directors.
2. Every two years, the Board will review market data and set compensation at a level generally consistent with the mid-range of that being paid to Directors of BC corporations of similar size and responsibility and Canadian Airport Authorities [the "Comparable Corporations" --defined below].
3. To reflect both the inherent responsibilities and the variable time commitments, each director will be paid through a combination of an annual retainer, and, fees for each meeting attended.
4. To reflect the additional time and responsibility of serving as Chair of a Committee or Task Force, these Directors will receive additional compensation in the form of an Additional Annual Retainer.
5. To reflect the extra legal responsibilities and time commitments entailed in the role, the Chair of the Audit Committee's Additional Annual Retainer will be 125% of the Additional Annual Retainer.
6. The Board Chair will be paid an annual retainer, calculated as 275% of the average total annual compensation of the other Directors.
7. The Comparable Corporations are:
 - A. Airport Authorities of Toronto, Montreal and Calgary.
 - B. British Columbia's three major government transportation companies: Translink, BC Ferries and Port Metro Vancouver; and,
 - C. 20 Corporations in British Columbia, with assets greater than 1 Billion, whose shares are publically traded, adjusted to match the Authority's size.

8. The Board will be guided by, but not bound by, the following calculation:

(a + b + c) divided by 3 = mid-range of Comparable Corporations

a = average of the average annual total compensation paid to Boards in group A;
b = average of the average annual total compensation paid to Boards in group B;
c = average of the average annual total cash compensation (stock options and other compensation are excluded) paid to Boards at the 50th percentile in group C.