

Notes for an Address

by

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President and CEO

NAV CANADA

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Thank you, Marc.

To everyone from NAV CANADA, to our bargaining agents, our customers and partners in aviation safety, as well as members of the general public – welcome.

This is my second AGM as President and CEO, so I guess I'm not a rookie anymore, but I'm still not feeling like a veteran yet.

As Marc mentioned, we have just celebrated our 20th anniversary which is a significant milestone in our history.

Marking a milestone is an opportunity to reflect on where we've been and what we've accomplished.

It's also an opportunity to look ahead and determine how we'd like our future to unfold, and that's what we've been doing.

You may know that in my free time I like to run, and I especially like to challenge myself by running marathons.

There's always a point in running a race when you take stock of how you're doing, recommit to your goals, and push on.

Our 20th anniversary was like that—we took stock, celebrated the past, and now we are pushing on with renewed enthusiasm.

I've been privileged to be part of NAV CANADA for most of its first 20 years, and I am tremendously proud of what the Company has accomplished.

As I discuss with our employees, this is a fantastic Company, and we've all helped to make it that way.

Now it's time to take it to the next level, and we will do that together.

That's why we chose "The Next Level" as the theme of this year's annual report.

In fact it could well be NAV CANADA's informal motto given our efforts to improve the performance of the Canadian ANS.

For NAV CANADA, "taking it to the next level" means focusing on setting and achieving goals that improve safety, service and our working environment.

Marc has told you about our continuing record of success in aviation safety and about what we are doing to maintain and improve that record.

We are working just as hard to improve service delivery to our customers.

In 1996, when the company was founded, we aligned our priorities to focus on safety, efficiency and cost effectiveness.

Now, as we turn 20, we are sharpening our focus again.

Our strategic plan for the next five years focuses on providing value for all our stakeholders, with renewed emphasis on our people.

We will continue to concentrate on safety and service while building on four key areas—people, finances, technology, and reputation.

Those who know us well may see a sharper focus and fresh enthusiasm as we move forward.

We're ready to aim high, to set new standards for achievement and excellence, to work collaboratively with industry partners, and to look for inventive ways to deliver better service.

Our refreshed logo reflects our pride in our history, our confidence as we move forward and our renewed resolve to be “best in class.”

It will form the cornerstone of our new brand identity which we will be rolling out in 2017.

Our goals through 2021 are:

- To continue to be a world leader in safety, customer service and technology implementation;
- To deliver better value to our customers through productivity and efficiency improvements; and
- To deliver better value to our employees, by being one of the best employers in Canada.

We are well positioned to achieve these goals—with established strengths in people, finances, technology and reputation—but we want to do more.

People have been and will be the key to our success. We will continue our efforts to ensure appropriate staffing levels through improved recruitment and training, and to support a diverse and respectful workplace culture.

Our finances are strong as the result of effective management through the difficult post-2008 recession period, but challenges remain given the uncertainty of global political and economic conditions.

Our technology is world leading but can be even better, supporting greater safety, efficiency and productivity.

We have a solid reputation with our customers and peers.

We want to build on that reputation, so that all of our stakeholders recognize NAV CANADA for its exceptional service.

Achieving these goals—and becoming the ANSP the 21st century demands—will require everyone at NAV CANADA to give their best effort.

I know that our people will deliver that level of effort.

Last year, I met with hundreds of our people at many of our sites across the country, visiting employees in Gander, Moncton, Montreal, Cornwall, Ottawa, Toronto, Winnipeg, Edmonton and Vancouver.

I was inspired by what I saw and heard.

NAV CANADA people are uniquely skilled and committed to their work.

You have only to look at their outstanding performance during the Fort McMurray wildfires last May to know they will never let you down.

First there was the exceptional teamwork demonstrated by everyone who worked through the emergency.

It was a privilege to be able to thank our Fort McMurray staff personally when we met in Edmonton in the days immediately following their evacuation.

I also want to acknowledge everyone who took on extra work, especially our team at the Peace River Flight Service Station and our Engineering and Technical Operations staff.

Then there was the outpouring of support in response to fundraising appeals.

Employees company-wide contributed more than \$90,000, which was matched by NAV CANADA, to help their colleagues and the Fort McMurray community.

It's no surprise that we say people are the foundation of our success.

That's why we have made the creation of a "professional and fulfilling work environment for our employees" a key element of our mission statement.

Last November we were pleased to learn that we had been selected as one of Canada's Top 100 Employers for 2017 in a national competition.

While we are proud of this award, our true goal is to be seen as a top employer by our people.

Our 2016 engagement survey had a record 80.6 per cent participation rate, and the results showed an overall employee engagement rate of 62 per cent.

This clearly indicates the work we are doing to improve our workplace culture is moving us to the next level.

This progress is reflected in the relationships we have developed with our eight bargaining agents.

We have established strong and open lines of communication and we look forward to productive negotiations in our eighth round of bargaining, which began with two of our unions this past November.

We can also see the progress in our workplace culture reflected in our annual Points of Pride awards program.

This year, I had the privilege of presenting four President's Awards for Outstanding Achievement.

Team awards went to the La Ronge Flight Service Station team and to the MANOPS Re-Engineering team.

Individual awards went to Jeff Cochrane, Director of Navigation and Airspace, and Simon Robert, Director Portfolio Management and Solutions Delivery.

My congratulations go out to all of our National Awards winners.

Our financial strength is a direct result of the efforts of our employees.

Marc has told you about our strong financial performance in fiscal 2016, which has allowed us to increase capital investments and reduce service charges.

On the investment side, our three-year, \$500 million capital program is designed to move us to the next level in technology and infrastructure.

From 2016 to 2019, we will work on expanding, refurbishing and replacing facilities.

We will also invest in technology and improve key business systems and critical elements of our communications, navigation and surveillance infrastructure.

Projects already underway include a new tower at Waterloo Regional Airport, scheduled to open in 2017, and new Terminal Surveillance Radar at 12 sites.

On the service-charge side, we have a mandate to deliver value to customers, and our customers measure value through the service they receive and through appropriate service charges.

In July 2016, we announced the implementation of a temporary one-year rate reduction in addition to revisions to base rates.

We anticipate these changes will save customers \$105 million in fiscal 2017 and \$56 million in fiscal 2018, when the temporary adjustment expires.

You'll find more details on the service-charge reductions, and our complete Financial Statements in the annual report.

While service charges account for most of our annual revenue, NAV CANADA benefits from additional revenues from a range of sources.

These include technology sales to other ANSPs; our maintenance contract with CATSA; data-services contracts with airport authorities; and our NAV CENTRE training and conferencing business.

Another important factor in our finances is the Pension Plan. The Company's Pension Plan is financially sound. We are seeing strong asset returns, although low interest rates and market volatility continue to present challenges.

We continue our efforts to mitigate the risk created by the Company's pension obligations, in particular the statutory solvency deficiency.

We are working with our bargaining agents and with the Office of the Superintendent of Financial Institutions to resolve this issue.

On technology, NAV CANADA has a strong, modern platform, thanks to our in-house technology development.

We realized early in our history that the "big project" approach to developing ATM technology was a major barrier to progress.

Today, our operations personnel work with our engineers and software developers in all project phases, leading to faster acceptance and implementation.

As a result, we've seen a dramatic increase in capability, at a much faster rate of execution, for significantly less in capital costs.

This enabled us to modernize the Canadian ANS with key technology achievements like our advanced domestic and oceanic automated air traffic control systems, and our integrated tower automation system.

But progress never stops in an industry as dynamic as aviation. Our three-year capital program will include some major technological improvements.

Aireon, our joint venture with Iridium Communications, Enav, Naviair and the Irish Aviation Authority, tops the list.

The satellites carrying Aireon's ADS-B technology will be launched throughout 2017 and into early 2018.

Meanwhile, our Engineering and Operations teams are updating our systems in preparation for full Aireon operations in 2018.

Aireon has announced that it will partner with FlightAware to provide airlines with a new service called GlobalBeacon.

This service will provide airlines with real time, global tracking of ADS-B equipped aircraft, helping airlines to become compliant with ICAO Global Aeronautical Distress Safety System standards.

Qatar Airways has been announced as the first airline to adopt the GlobalBeacon solution.

Technology, of course, isn't confined to NAV CANADA Operations. We also plan to upgrade our business systems.

A major focus will be the transition of our Enterprise Resource Planning system to a new cloud-based platform. This \$30-million project will improve internal service delivery and productivity, and reduce technology support costs.

The last—but certainly not the least—element of our five-year plan is reputation, an intangible asset but a highly valuable one.

We have worked hard as a company over the past 20 years to earn the good opinion of our ANS peers and aviation customers, and we appreciate the solid reputation we have among them.

We saw that reputation confirmed by three IATA Eagle Awards over 10 years.

Recent customer and stakeholder surveys have allowed us to take a pulse on our reputation. Overall, our results were very positive and we were very appreciative of the feedback we received. But there is always room for improvement and this process has placed the concerns expressed by our stakeholders on our radar, so we can respond to them accordingly.

As for the wider world, I can personally attest to our strong reputation as a participant on various international committees to improve global aviation safety and service.

And we know from the success of our NAVCANatm products how our peers view our technology solutions.

Finally, since our goal is to be a top employer in the eyes of our employees, we will continue to respond to the feedback we received on the employee engagement survey, and provide opportunities for all employees to be heard.

In conclusion, I want to thank all of our employees for their many efforts and fantastic results over the past year.

We have great things to accomplish in the year ahead, and I look forward to being impressed all over again.

I'd also like to welcome those who joined us in fiscal 2016, and offer my sincere thanks and best wishes to those who retired.

Next, I want to thank all the members of the Executive Management Committee for their commitment and solid performance.

In keeping with honouring the past while also looking to the future, I'd to note some changes to our executive team this past year.

Earlier this year, Andy Campbell, our former Vice President, Customer and Commercial Services, retired following a long and successful career in aviation, both at NAV CANADA and previously at First Air. With Andy's retirement, the Customer and Commercial Services function was transitioned

to Service Delivery, under Rudy Kellar our Executive Vice President,
Service Delivery.

Next, I'd like to welcome Leigh Ann Kirby as the new Vice President,
General Counsel and Corporate Secretary. Leigh Ann, formerly Associate
Vice President, Legal at TD Bank, took charge of the Legal and Corporate
Services department last February.

I'd also like to welcome Sandy Struthers, who has been appointed the
Executive Vice President, Finance and Chief Financial Officer, replacing
Brian Aitken, who retired from the Company at the beginning of December
2016.

Sandy was formerly the Chief Operating Officer and Executive Vice
President, Strategic Planning and previous to that, the Chief Financial
Officer for Hydro One. Sandy started his new position this past December 3.

I'd like to thank Brian for his business and financial leadership during his 14
years at NAV CANADA.

I also want to thank all of our partners, stakeholders and ANSP colleagues for their support and cooperation over the past year, and for the past 20 years.

Together, we have transformed Canada's ANS, setting new standards of safety, service and sustainability at home, and helping to support aviation around the world.

I look forward to working with all of you as we continue to take our industry to the next level.

Thank you.