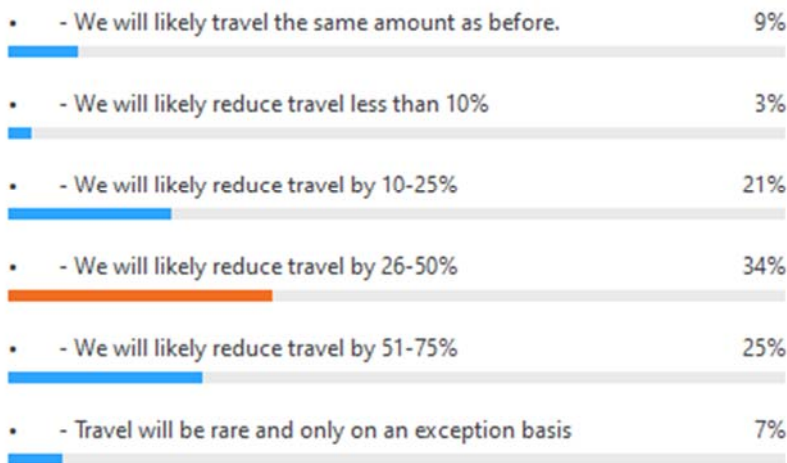


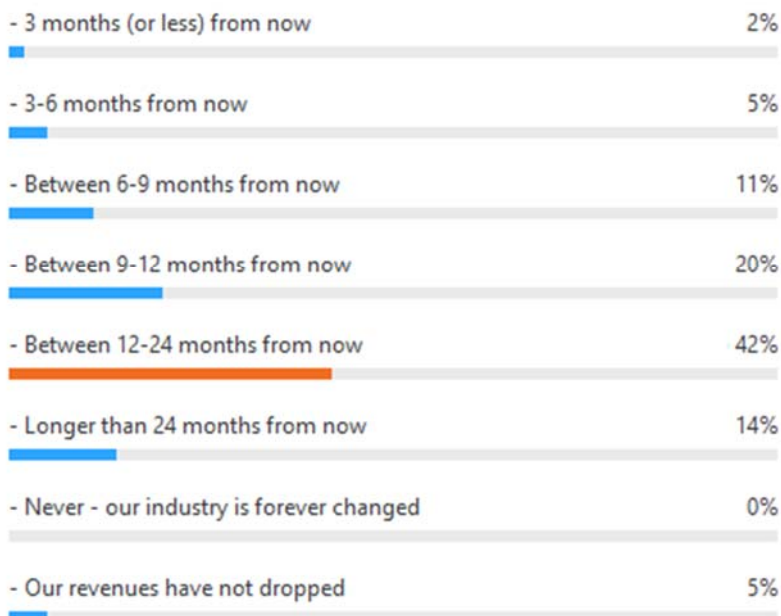
COVID-19 ROUNDTABLE CALLS

COVID-19 ROUNDTABLE CALL #11 – POLLING RESULTS

1. In terms of Business Travel, when restrictions are lifted:



1. How long do you expect before your company revenues recover to pre-covid levels:



COVID-19 ROUNDTABLE CALL #11 – Q&A

For Ed Simms

Q: Air Canada with its war-chest could gobble up all Canadian airline competition. Any thoughts? Is this prudent for all?

A: Very few advanced markets of scale exist with only one (national) carrier even less so in markets with such a vast geography. Since 1996 the number of Canadians travelled domestically has doubled from 45M per year to 90M per year (pre-COVID) while the price of an average one-way domestic fare has almost halved from \$290 to \$160. So no, I don't think a monopoly would be prudent.

Q: How have you attempted to preserve your employee culture during this difficult time?

A: Largely, through regular, consistent and transparent communication. The outcomes of our daily Incident Command Centre have been shared in a daily Sitrep. Our leadership team join a weekly webinar on Tuesday morning, followed by the whole company on a Wednesday afternoon webinar - all with myself and members of the management team answering a host of questions on our current situation. Reconnecting stood - down Westjetters on their company devices via Microsoft Teams or Zoom has been a critical cultural enabler

Q: There has been a lot of media about high risk COVID exposure to travelling - was there any known cases that actually contracted COVID from an airplane ride?

A: None to date. We have had 27 staff test positive over the last ten weeks, of whom 18 are now fully recovered. We electrostatically "fog" our aircraft every night, clean on every turn and have HEPA air filters reduce potential microbes in the air to a minuscule fraction of 1% of the environment. All our in-flight teams now have Nitrile gloves, N95 masks, goggles, face shields and gowns if they require. It's a very safe environment.

Q: Is there any coordinated effort going on to remove 14-day blanket quarantine that prevents healthy people from flying and hitting the airline industry and economies around the world?

A: This is a very challenging issue to deal with and we are lobbying government for a form of 'virus passport' or boarding pass to indicate non-symptomatic guests. We are hopeful that as we move to Level 3 restrictions, the need for 14-day self-isolation will be lifted.

Q: We may feel confident in the cleanliness and sanitization of airplanes, but how will airports handle crowds, congregation and COVID? Getting to the airport 4 hours in advance for some socially distanced security check will kill any desire to travel.

A: This will be another area requiring a 'whole of government' or at least a non-partisan approach to work with airports, customs, immigration and screening teams to ensure all airport touch points are 100

% hygienic and sanitized. There will need to be social distancing maintained not just pre-departure but also in areas like baggage reclaim.

Q: How do you believe air travel will change going forward?

A: As an optimist I do believe that travel will be safer and more hygienic than ever before. It will also become more digitally orientated as check-in and boarding processes move closer to being 100 % app based and in-flight entertainment becomes blue-tooth driven by guests own devices. My hope is that we can remain highly professional competitive even as we absorb the significant costs of more safety procedures and precautions.

For Doug Haughey

Q. Canada being a financial and resource intensive economy, what is the way out for this recovery? What would be a dramatic change?

A. The Canadian energy sector is obviously critical to the Canadian economy, but is facing the unfortunate trifecta of:

- long-standing market access challenges;
- the Covid-19 pandemic; and (most recently)
- the geopolitics of the world oil market.

We obviously need supportive policies around new pipeline capacity to access critical markets. We also need supportive policies to help energy companies, as major employers, weather this very challenging time. But in the medium and long-term, we need a constructive recovery in energy prices, which will happen, but at a pace that is hard to predict right now. We are already seeing some encouraging signs as the worldwide economy comes out of lockdown, but it could be a long slow process.

Q. You mention battle hardened execs however I wonder how many baby boomers will retire earlier than planned to protect their own health and their families health. Given the risk to those over 60 do you expect to see more retirements than usual and what will this mean to junior people who have to step up when they may not be ready.

A. I actually have great confidence in the ability of more junior people to step up, particularly the ones who have had to deal with many changes in direction and tough patches throughout their career.

As a sailor, here is an analogy:

- In sailing, many crews are really good at getting the boat sailing fast when things are in a steady state. They tweak things a bit, but don't need to make big adjustments. Many management teams are like that.
- But eventually they need to change direction, tacking or gybing in sailing terms, which in tough conditions can get really challenging for many sailing crews (and management teams).
- In stormy conditions, like we are in now, tacking or jibing involve a few seconds of intense activity, and lots can go wrong. Not unlike a business trying to implement change today.

- During that tack or gybe, crews face the risk of either:
 - Slower boat speed coming out, the equivalent of the business organization taking too much time to get back up to speed;
 - Or worse, they make a big mistake during the tack or gybe, damaging the boat or hurting someone, similarly a business organization that does not execute change well can face a similarly catastrophic outcome.
- The best sailing crews have practiced those maneuvers many times, so for them it is almost second nature.
- So I like looking for the business teams that, like the best sailing crews, have had to successfully tack or gybe in their career, have learned the hard lessons, and bring the energy and leadership skills to make it happen.

Q. We have many people who have been unable to use their vacation time. Are companies mandating that staff use this up, or allowing them to carry the time over?

A. I think it varies depending on the company situation. Typically companies would try to mandate use of vacation, it's good for both the employee and the company. But I have heard of cases where companies, expecting worsening business conditions, have suggested to some employees that they defer vacation and, hopefully, mitigate the need for, or impact of, layoffs.

Q. I loved your comments about risk. Agree it is unfair to expect companies to have seen this coming - epidemiologists had been saying it's coming for a long time yet we still are fearful of overwhelming the health care system. Would you change things going forward?

A. For businesses, we need to do a better job critically assessing both the probability and severity of potential risks. Given what we are going through now, companies will obviously have pandemic planning top-of-mind. Most will be much better prepared to deal with another wave or a different outbreak. But challenges will still exist around that long list of other potentially material risks that merit consideration, but companies may lack the financial resources or bandwidth to address them.

Q. How does a board triage across various geographies and countries?

A. As we claw our way out of this pandemic, it is clear that a one-size-fits-all approach will not work across various geographies and countries. You can see that clearly by just watching the different pace and approach of reopening in various jurisdictions. Local management teams are best positioned to deal with their respective challenges and we need to give them a lot of latitude to do that.

For Doug Porter

Q: Any guess about the increases of new income tax rates to pay for the projected deficits?

A: I believe that tax increases will be a low priority, at least until the recovery is firmly entrenched. However, they could become more realistic by 2022. The focus would likely fall on the capital gains inclusion rate, and possibly the corporate tax rate (particularly if there are changes in the US as well on

that front. I contend that tax increases should be the last avenue explored to bring down the deficit, but the politics of the situation make them possible.

Q: How important will an increase in productivity in Canada be in the recovery of the economy?

A: Productivity growth has been a big disappointment in recent years in Canada. A robust recovery would be greatly supported by some serious gains on that front. However, I am concerned that measures that firms will need to adopt to make customers and staff comfortable in the new environment are likely to constrain productivity --- for example, extensive cleaning, distancing, line-ups for checking and testing, etc, will all likely limit productivity.

Q: What is your outlook for the Canadian and US dollar one year out?

A: Assuming that the global economy does indeed begin to recover and oil prices climb further (we are assuming an average price of just over \$40 next year), then the Canadian dollar is likely to firm somewhat. While we believe the loonie will be on the defensive near-term our call is roughly 72-73 cents a year out (or C\$1.38-\$1.37)

Q: How do you think the housing market will react?

A: It depends heavily on the city. Recall that heading into the pandemic, some cities were poised to see strong price gains (eg Ottawa, Montreal...and even Toronto). On the flip side, others were still over-supplied (Regina, Calgary, Edmonton). Those underlying forces will re-emerge. Overall, the huge hit to jobs and incomes overall will weaken the housing market nationally, swamping the impact of lower interest rates. We look for a 5% drop in prices nationally over the next year, but as noted, with big regional differences. Others (like the CMHC) are more negative, However, looking longer out, say 2-3 years, we would be much more constructive on the housing market. Solid population growth, tight supplies in much of the country, and sustained low rates will support the market longer term.

Q: I've seen models suggesting US GDP won't return to pre-COVID levels for 2-3 years. With Canada's economy tied so closely to the US, it seems the timelines for CAD recovery seem too good to be true ...?

A: We would agree that it could take the US and Canada 2-3 years to fully get back to 100% (depending on the sector). While we do see a big bounce in Canadian growth next year, that will not fully offset the 2020 damage or make up for underlying population and labour force growth. In other words, we do not see much separation between Canada and the US. If anything, Canada's decline will be deeper this year, due to low oil prices and a firmer shutdown....but those same factors reversing mean that Canada could also have a bigger bounce next year.