



The Calgary Region as a Transportation Hub

WestJet & The Van Horne Institute

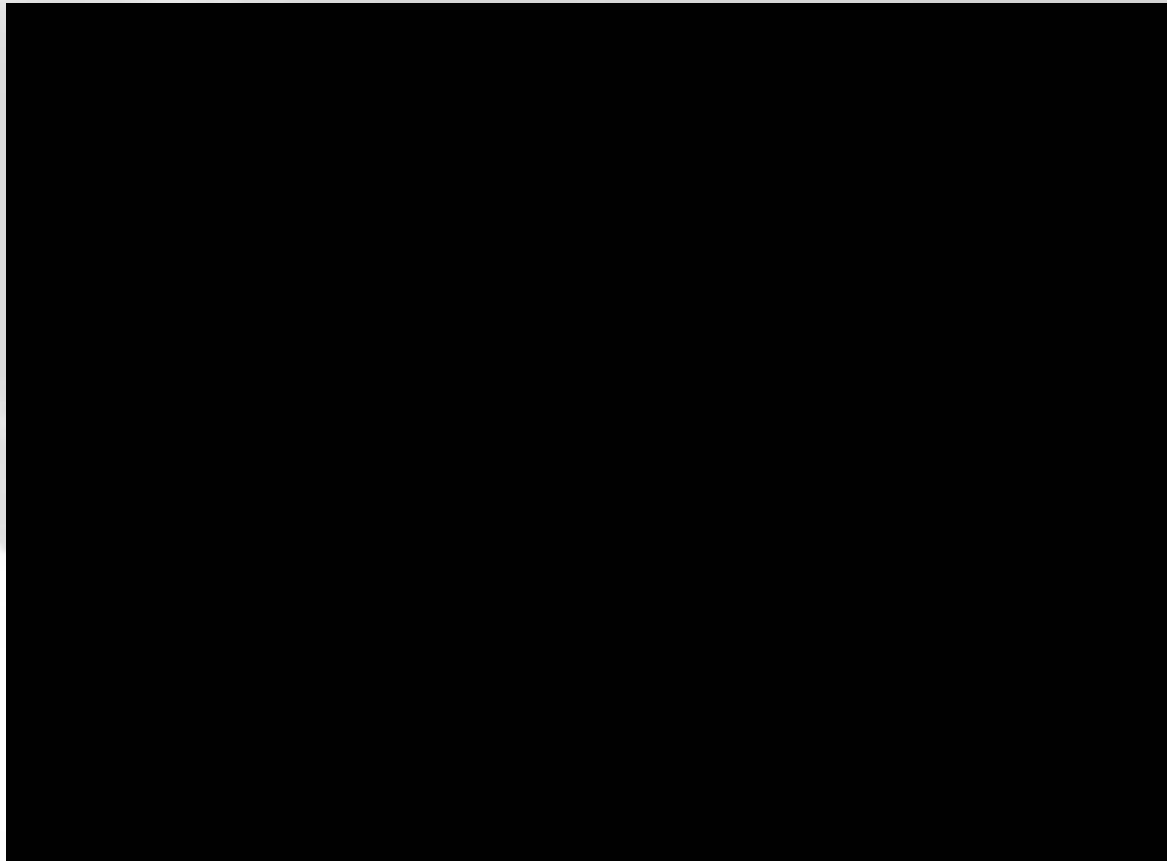
December 2nd, 2010

WESTJET

We are NOT just another airline

- 22 consecutive quarters of profitability
- Most admired corporate culture hall of famer
- Most respected airline brand in North America
- Canada's undisputed low-fare leader
- Calgary's home-town airline

We are not just another airline



A low-angle, aerial photograph of a white commercial airplane's wing and fuselage, set against a bright sky with scattered clouds. The perspective is from below, looking up at the aircraft's structure.

Strong & Responsible Growth

WESTJET 

WestJet took to the skies Feb 29, 1996

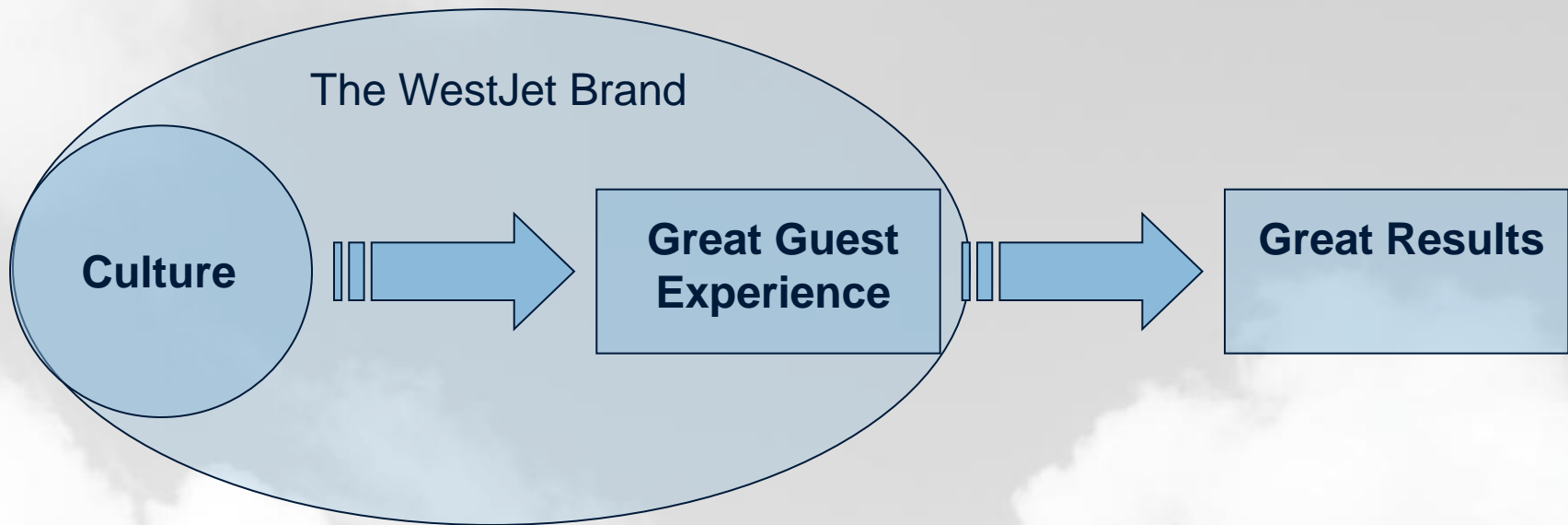
with 200 people, three Boeing 737-200s,
and five destinations...



In 1996 WestJet was a paradigm shift

- A new way to price fares
- The lowest cost of any airline
- A unique culture of Care

A unique culture of care



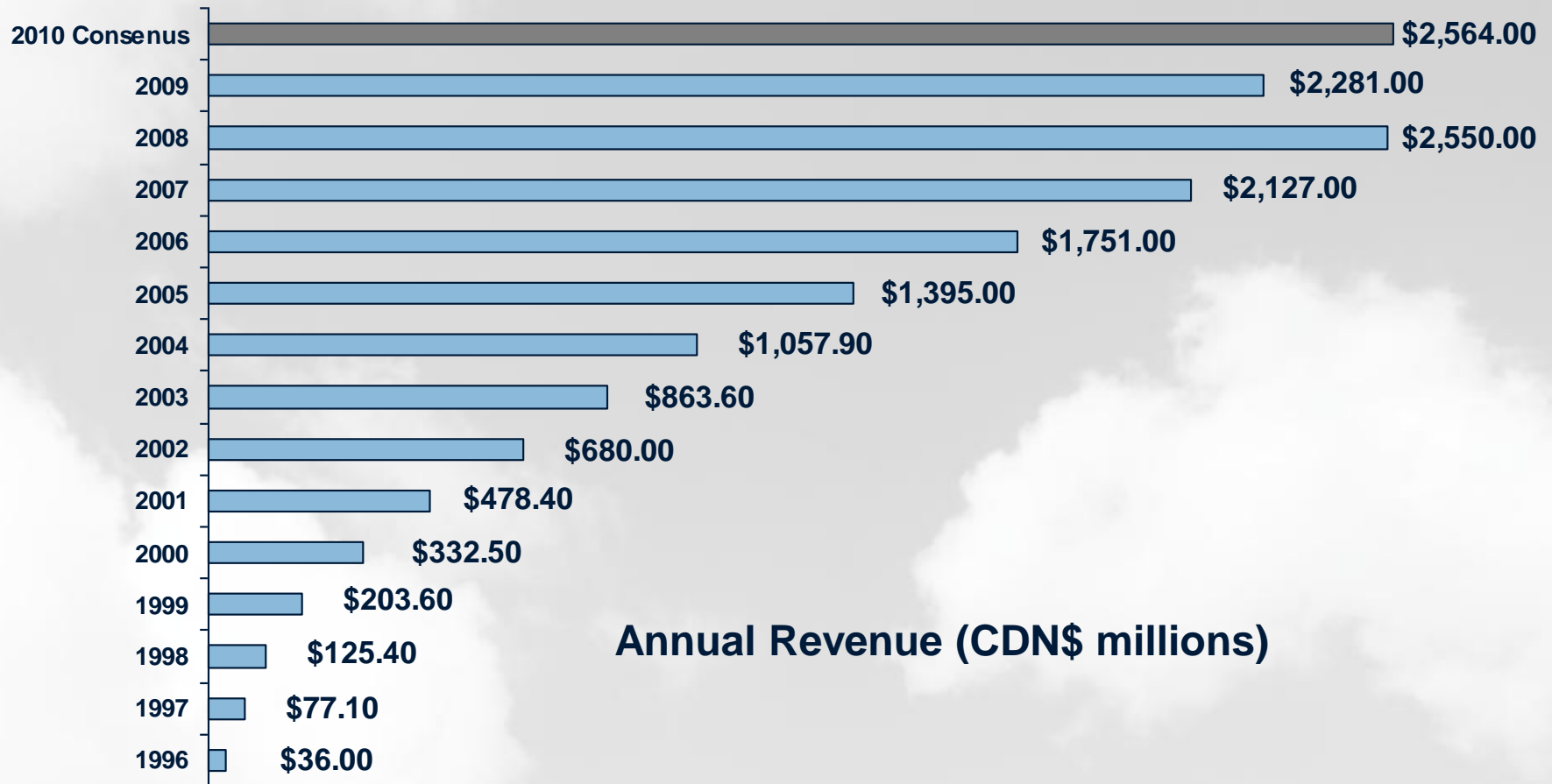
**Our culture supports a great guest experience
which delivers great business results**

Network 1996



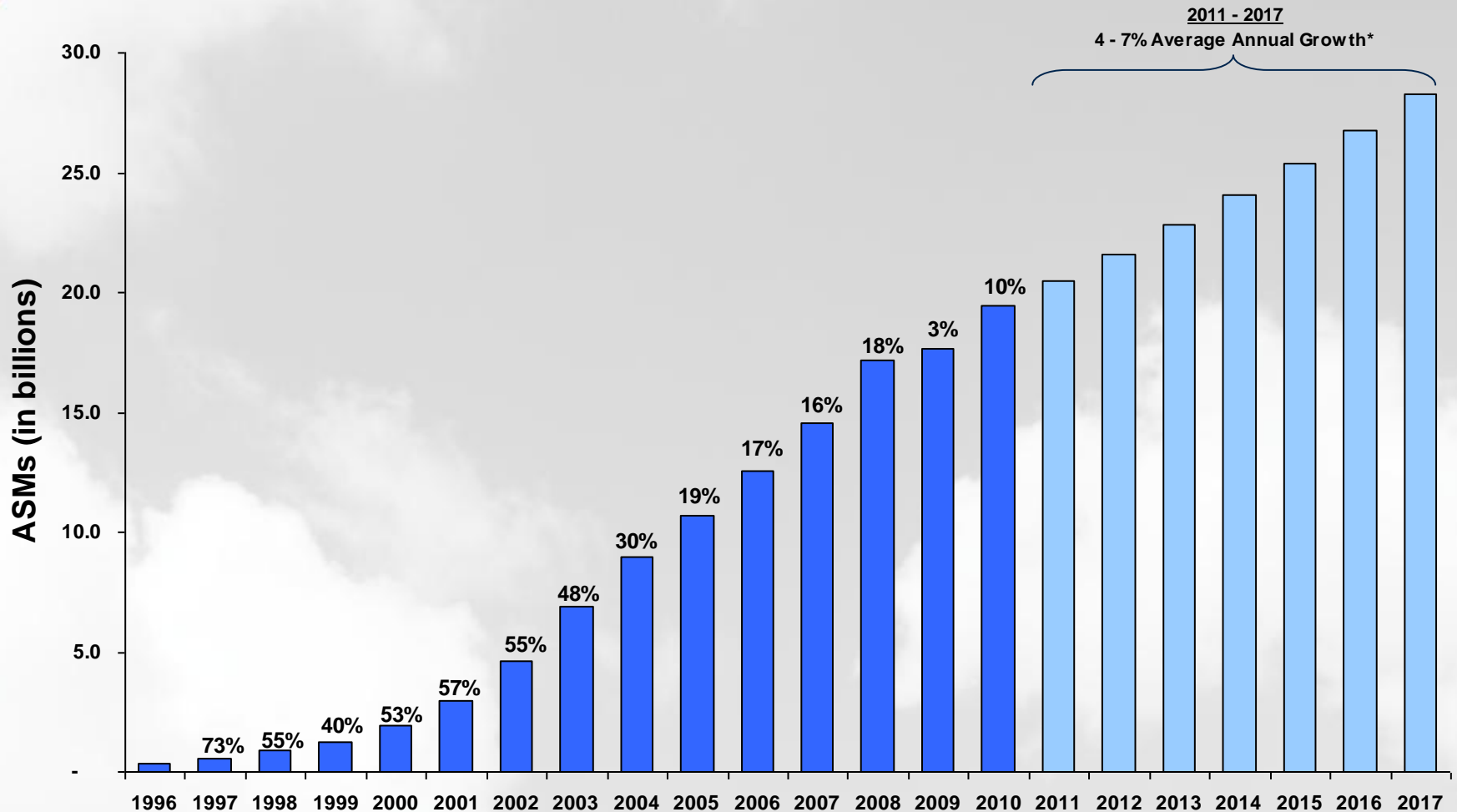


WestJet annual revenue has grown 63 fold in 14 years



WestJet's capacity continues to grow responsibly

WestJet Annual Capacity Growth Through 2017



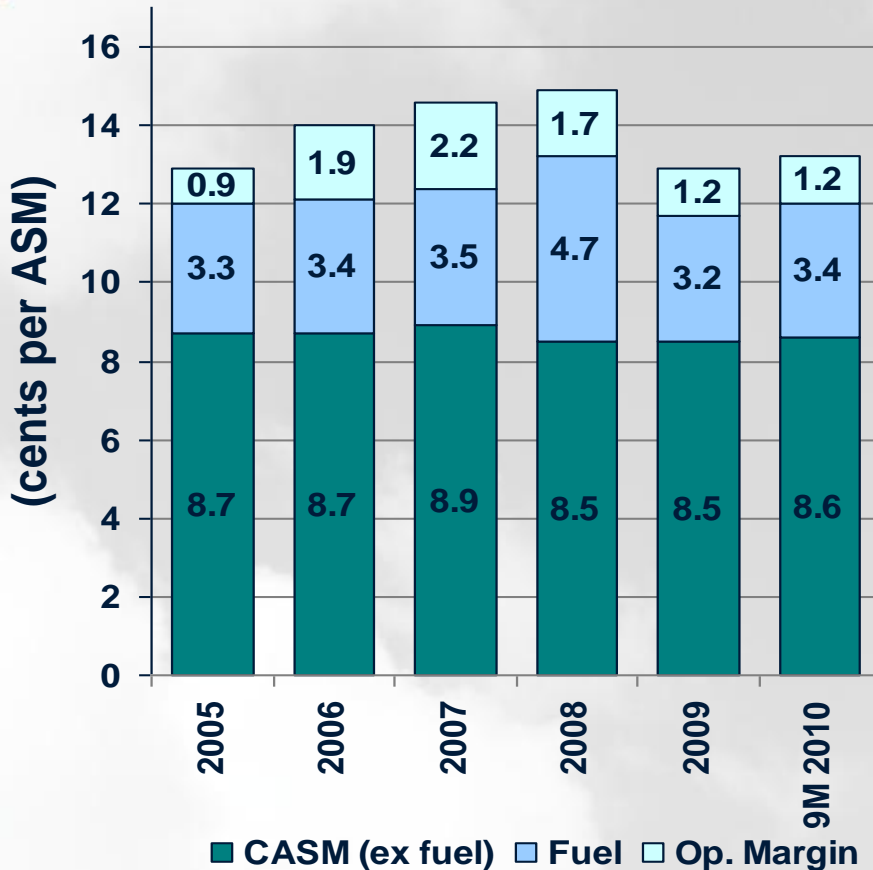
WHAT MAKES WESTJET DIFFERENT?



- Consistently one of the most profitable airlines in North America
- One of Canada's most admired corporate cultures
- Provides a world-class guest experience
- Having fleet flexibility and seasonal deployment strategy
- Scheduled service and vacation packages
- Consistently one of the lowest-cost operators in North America

Profitable 54 OF 56 Quarters

Some of the best margins in the industry



As of Dec 31, 2009	One year	Three-year average	Five-year average
RASM (cents)	12.97	14.16	13.87
CASM (cents)	11.77	12.43	12.29
Operating Margin	9.2%	11.6%	11.0%
Earnings Before Tax Margin	6.0%	9.0%	7.9%
Return on Equity	8.0%	15.8%	13.3%
Return on Invested Capital (TTM)	7.6%	10.7%	10.7%

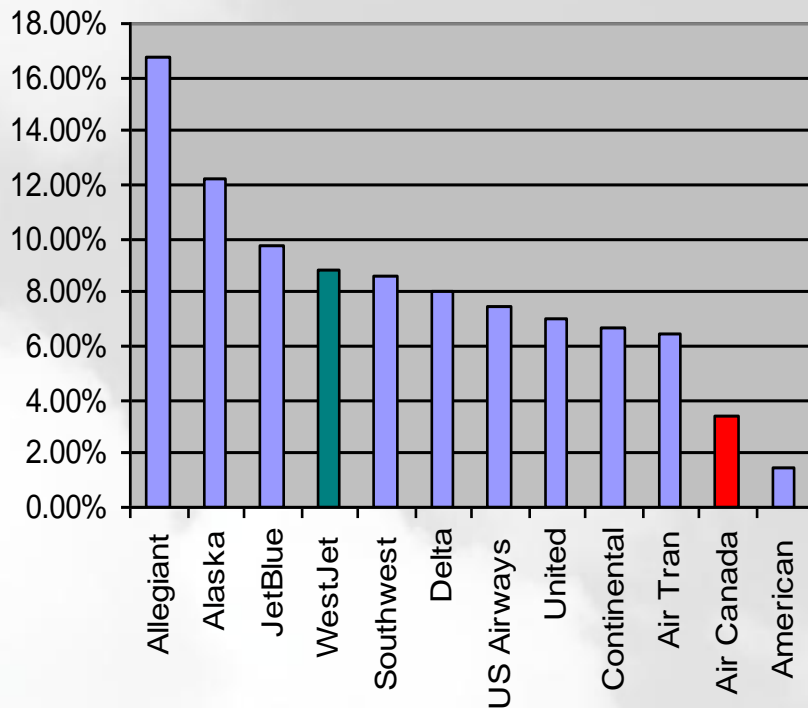
• Excludes reservation system impairment of \$31.9 million in 2007

Financial Highlites

Among top performer in North American airline industry

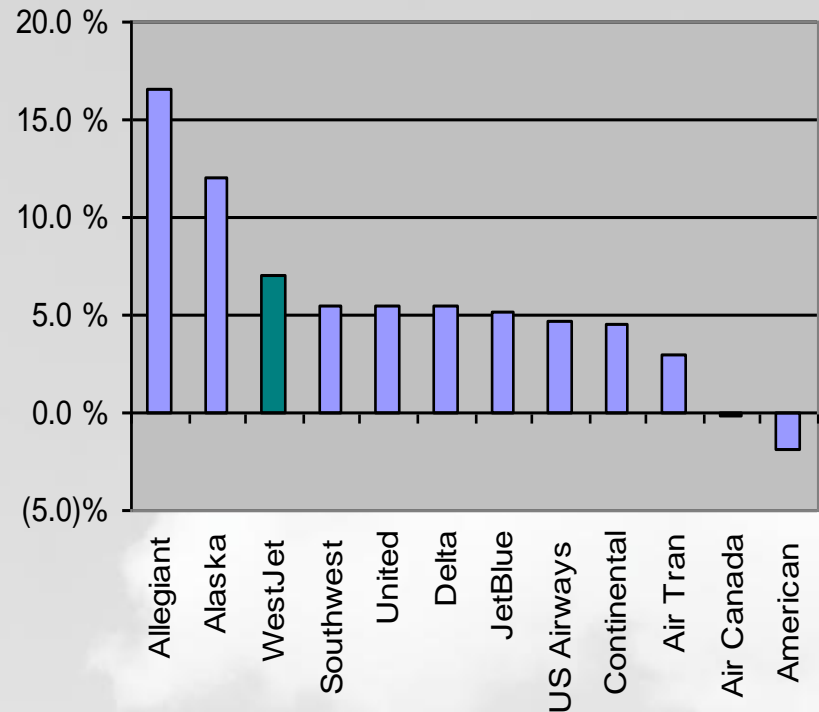
Q3 YTD 2010

Operating Margin



Q3 YTD 2010

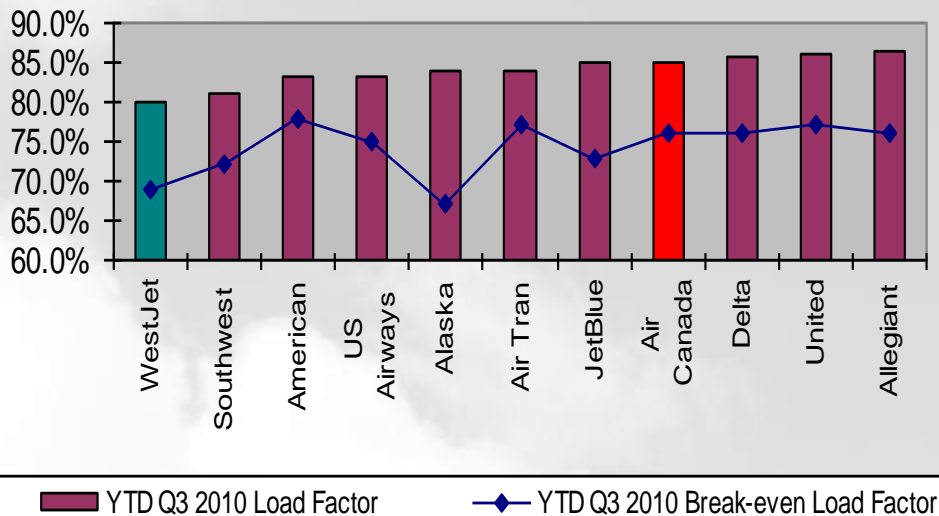
Adjusted EBTMargin



Cost Efficiency

Removing costs where possible

**YTD Q3 2010
Load Factor vs Break Even Load Factor**



Cost efficiencies have led to low break-even load factor

Cost efficiencies are driven by:

- High utilization of aircraft
- High employee productivity
- Single-fleet efficiencies
- Ownership culture
- Disciplined focus on expenditures
- Self Service
- Channel Strategy
- Procurement / Partner Optimization

Source: Internal estimates, company reports

Brand Connection Leader





WestJet's 2016 Plan & Calgary

WESTJET 

Calgary has been a good growth market for WestJet

- 74 daily departures to 40 destinations
- New seasonal nonstop service to Montego Bay & Varadero, Cuba
- The only nonstop to the Bahamas
- Increased weekly frequency to Cancun, Puerto Vallarta & Los Cabos
- Trans-border nonstops to Las Vegas, Los Angeles, Orlando, Phoenix, Palm Springs, San Diego, and seasonally to Honolulu, Kahului, San Francisco & New York/Newark

...And WestJet has been good for Calgary

- Youngest fleet in North America with 91 B737NGs averaging 4.5 years – quiet, comfortable & fuel efficient
- 5313 employees based in Calgary
- Annual Calgary payroll of \$326 Million
- ~\$30 Million paid annually to the Calgary Airport Authority in airport fees

WestJet's Strategy – 2016 Goals

4 Pillars

2016 Goal

People & Culture

- Develop and maintain our culture and engaged workforce

Performance & Guest Experience

- Consistently deliver a safe, friendly, and caring guest experience
- Top 5 North America Operational Performance, 80% likely to recommend

Cost & Margins

- Increase % self service adoption
 - 80% Self Tagging, 80% Web Bookings,
- Reduce FTEs/AC as we grow the fleet
- CASM Among 3 lowest in NA (in line with SWA, JBLU)
- EBT Margin 10%

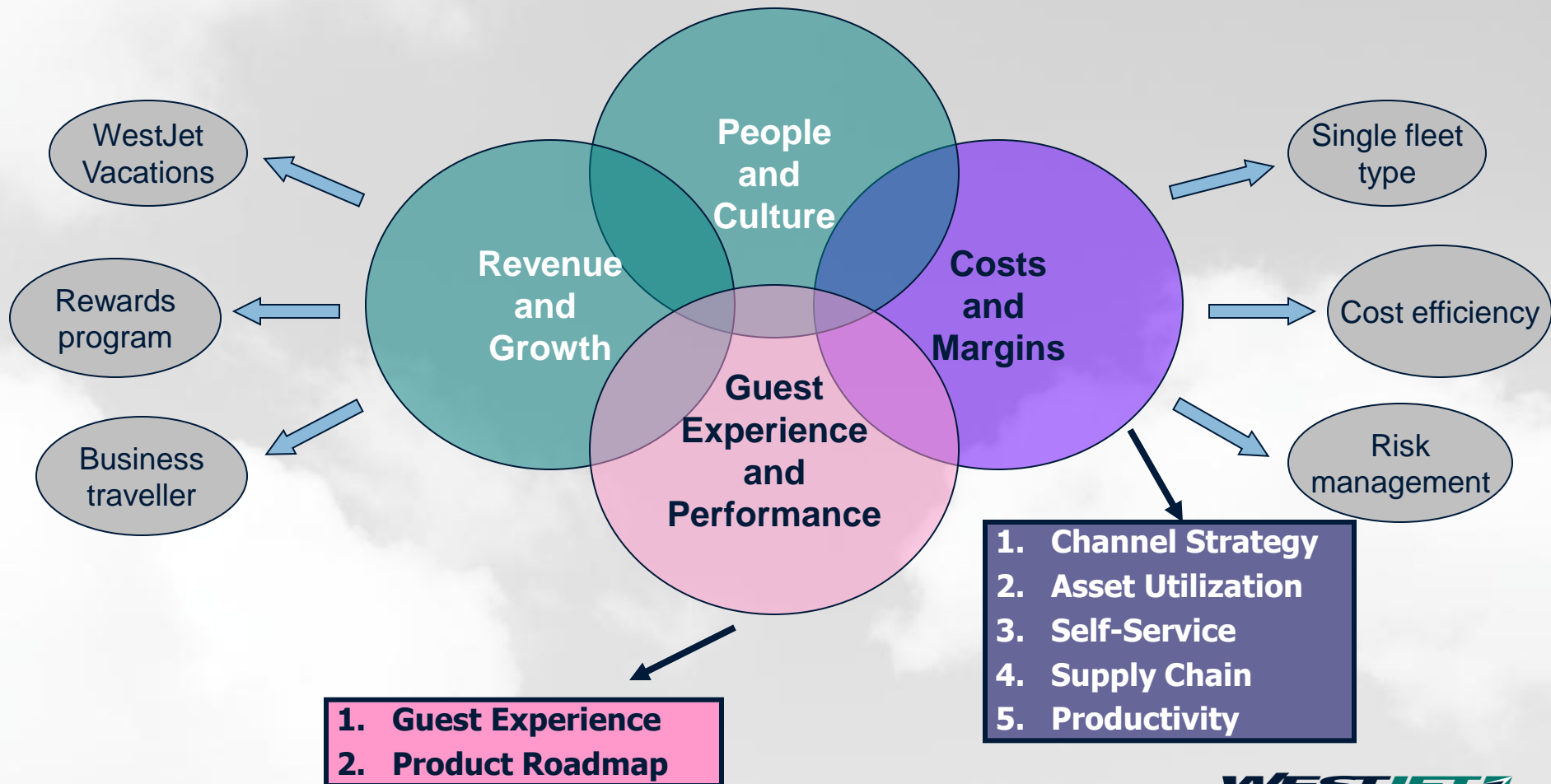
Revenue & Growth

- Fleet of 135 Boeing 737s
- Revenue \$4.5B
 - WestJet Vacations \$1B Revenue
 - Partnerships – US, Europe, Asia, S. America, Mid-East/Africa

WESTJET'S STRATEGY

By 2016, WestJet will be one of the five most successful international airlines in the world

(success = top margins, guest loyalty and referrals, operational performance and WestJetter engagement)

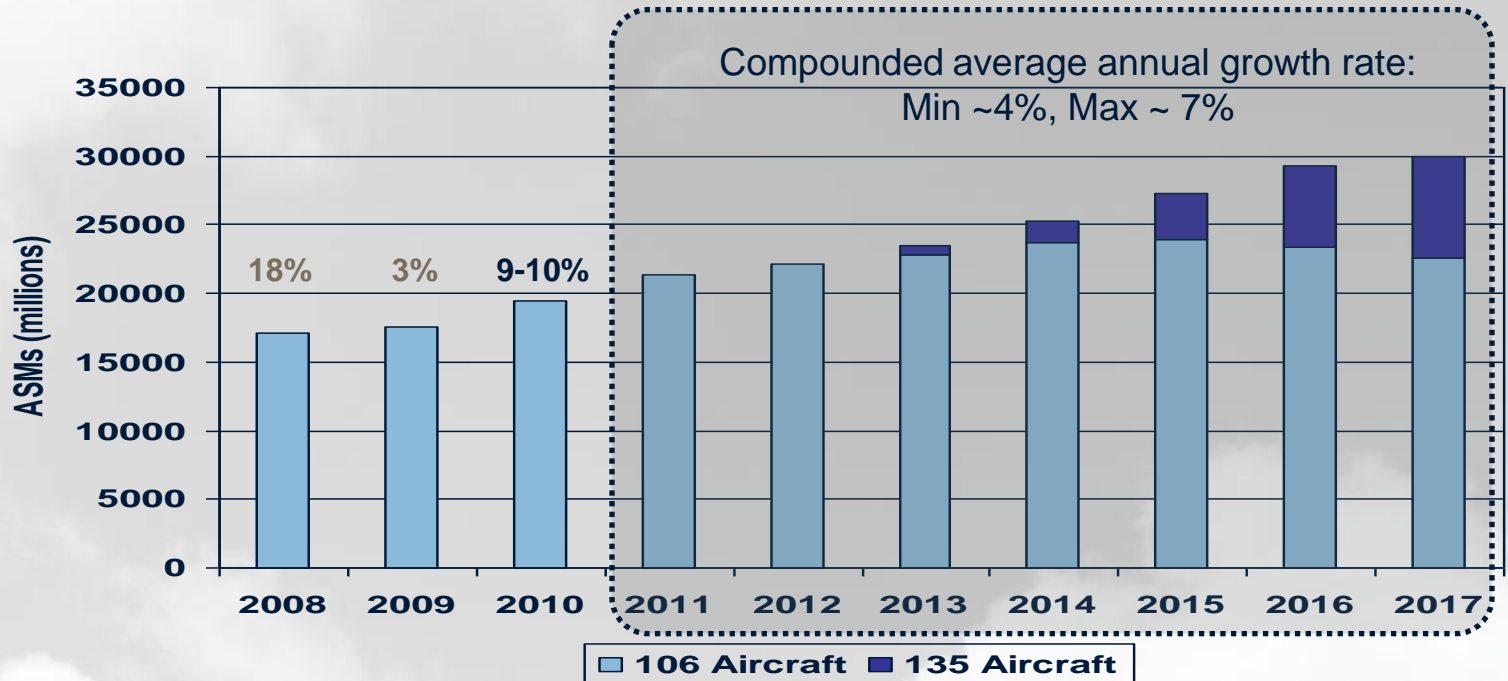


Cost evolution:

	1996	Now	Future
Guest segments	VFR traveler	VFR + vacationers + Business	VFR + vacations + codeshare/interline Business + corporate travel
Fleet, network, and IFE	Point to point No frills	Increased flow NextGen 700s LiveTV	More connections and nonstops Dual fleet? In-flight connectivity
Value to guests	Price	Good price, good service	Good price, service & key amenities
Distribution channels	Internet, call center	Internet, call center, travel agent	Internet and mobile as adoption, call center, travel agent, point of sale outside Canada

MEASURED CAPACITY GROWTH

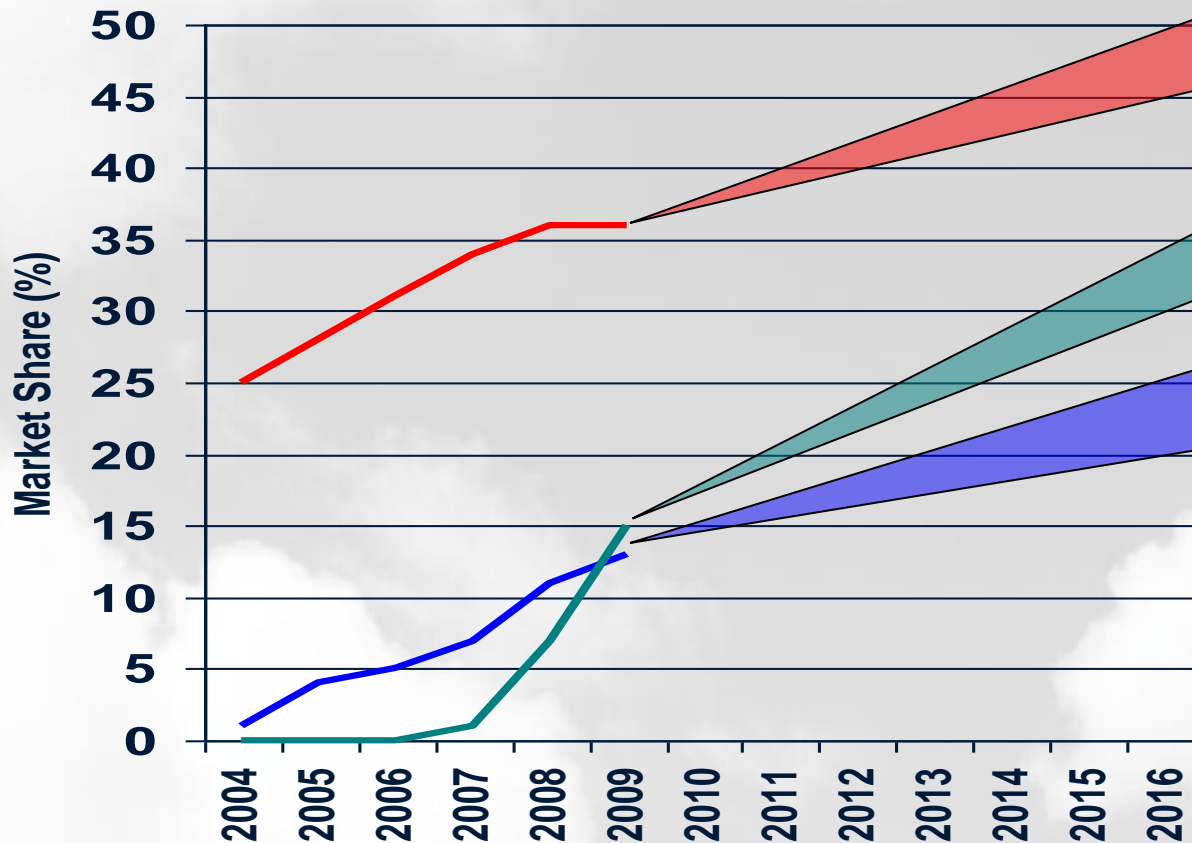
Flexible fleet expansion until 2017



Leased	24	33	38	43	44	44	44	44	44	44
Owned	52	53	53	54	58	64	70	80	88	91
Total confirmed fleet	76	86	91	97	102	108	114	124	132	135
Net change in aircraft	-	10	5	6	5	6	6	10	8	3
Lease expiries	-	-	-	-	-	3	-	12	8	6

MARKET SHARE GROWTH DRIVERS

Currently serving only a portion of potential market



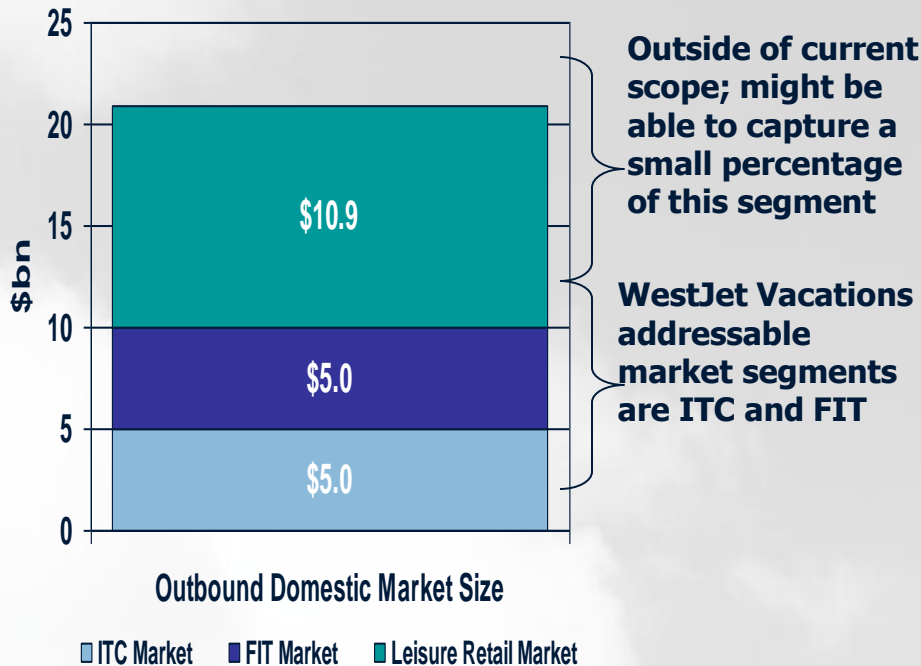
- Increased frequencies, new non-stops and new destinations
- Airline partnerships
- Rewards program
- WestJet Vacations
- Anchored in our:
 - Growing brand strength
 - Guest experience
 - Culture

- Capacity-share calculation based on data from IATA-SRS.
- Mexico / Caribbean capacity share does not include charters.

WESTJET VACATIONS

Leveraging our capacity growth

Estimated leisure market size in Canada



Source: internal estimates
FIT – Flexible itinerary travel
ITC – Inclusive

- One of the fastest growing vacation operators in Canada
- Scheduled service to all destinations allowing more vacation options
- Leveraging entire network to fill aircraft
- Don't pre-purchase hotel rooms
- Flights combine package guests and other scheduled guests
- Integration with mainline business to create efficiencies
- Leverage all our distribution channels

Airline partnerships

Selecting strong partners to help fill the capacity while bringing the world to our guests



- International travel options for the business traveller
- Incremental revenue opportunities
- Selecting strategic carriers in each major world region

Rewards Program

Straight to the bottom line

Credit card



Appeals to the mass market:

- Fully accretive to WestJet
- Strong partnership with RBC for awareness
- Simple and transparent
- Two types of cards; different earning power

Frequent Guest Program

Appeals to the high frequency traveller:

- Simple and transparent program
- Targeted at the traveller doing four to 40 trips per year
- Aims to capture additional high-yielding guests



Passenger Facilitation & Airports as Partners

Making the YYC hub more viable

Role of Airports as Partners

Airport operating costs are rising rapidly – from 10% of total costs in 2001 to 15% in 2010!

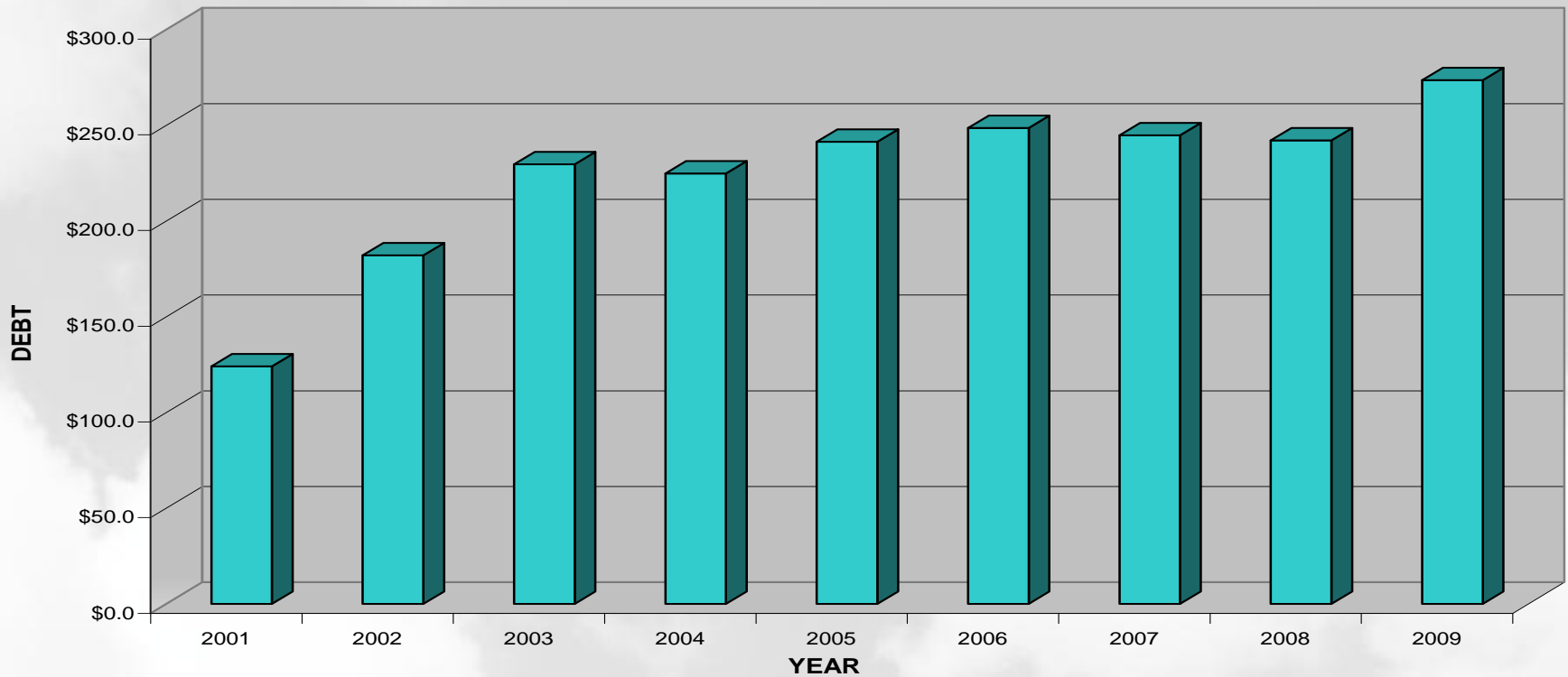
- **Fees & rates should be set to:**
 - Incent our growth
 - Recognize economies of scale
 - Reward efficiency
 - Reflect carrier investment in technology

Efficient Operations

- Post-recession growth will place renewed pressure on staffing for key functions:
 - CATSA, CBSA, CBP
- Just-in-time facility additions/expansions
 - Self-tagging, kiosks, check-in configuration, bag system upgrade
- Transparent & collaborative relations are imperative

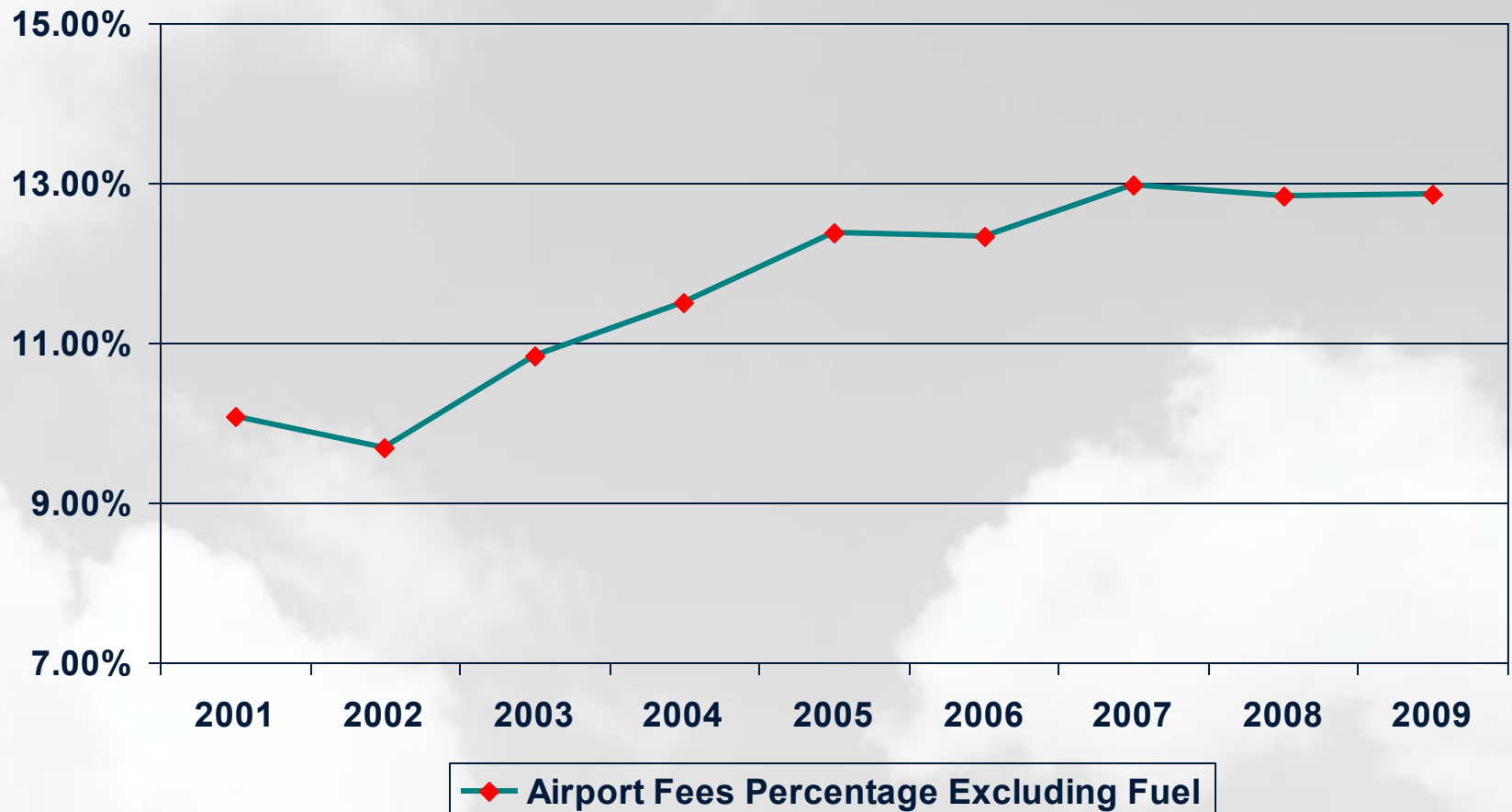
Airports have more than doubled their debt on a per guest basis since 2001

AIRPORT DEBT PER ENPLANED GUEST

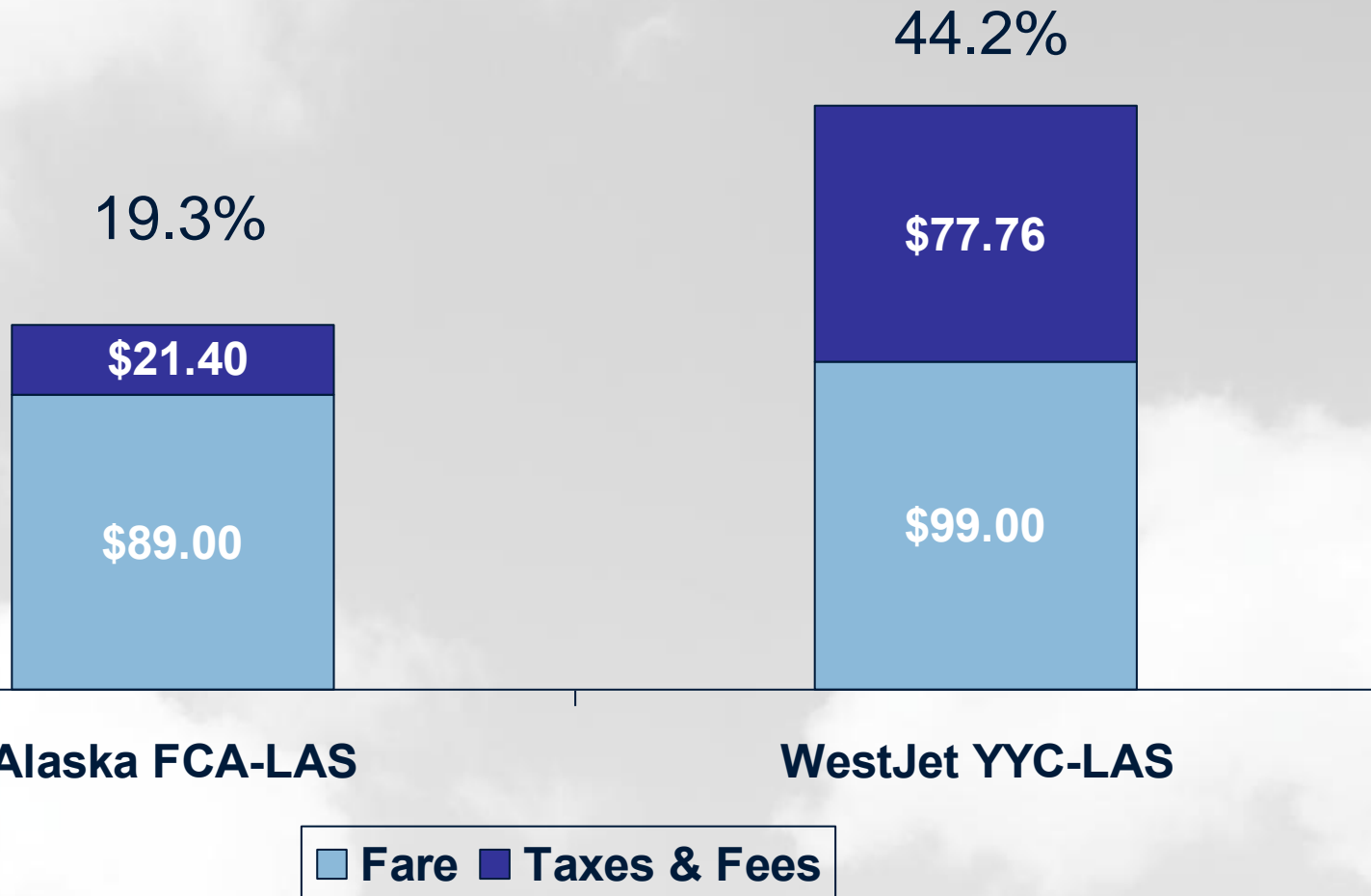


Source: Airport Authority Annual Report (YVR, YYC, YEG, YWG, YYZ, YOW, YUL, YHZ)

Airport rents & fees as a percentage of WestJet operating costs have climbed steadily since 2001



Higher taxes & fees on travel from Canada creates incentive to originate travel from border cities



Fees at Canadian airports drive operating costs well ahead of US airports

	WestJet Top 5	WestJet in US Environment	Difference
<p>Airport Rates & Fees per departure</p> <p>WestJet rates and fees at our top 5 Canadian airports are 132 per cent more expensive than at our top 5 US airports</p>	\$1,599	\$689	132%
<p>AIF Fee per departure</p> <p>Canada: The guest pays an AIF of ~\$15-25 per segment; used for airport infrastructure</p> <p>US: The guest pays a PFC of \$4.50-\$6.00 USD; funds airport driven infrastructure (gates, etc.)</p>	\$1,904	\$563	238%

The effect of these costs?

The southern migration of the Canadian traveller

- Buffalo, NY
 - “Canadian flyers help airport set all-time passenger record”
 - Canadian residents account for ~33 per cent of the airport’s 5.5 million guests
 - “Canadians, low-cost carriers push Vermont airport to record”
- Plattsburgh declares itself “Montreal’s American airport” in joint promo with Chamber of Commerce
 - Lower ticket taxes, free parking, no customs hassles
- YYZ Pearson loses more than 1,000,000 passengers annually to Buffalo (2008)
- Diversion to US border airports stunts growth of airlines and robs Canadian airports of important revenue streams & potential expansion

YYC as a viable hub

- We encourage the YYCAA to work with us
- Provide positive incentives for growth & reward efficiency
- Facilitate our growth & the need for improved connections with our growing airline partnerships
- Exploit opportunities for efficiency & lower costs
- Improve the airport arrival rate by implementing a slot allocation program during peak periods of the day
- Implement Nexus/Priority security lanes
- Let's take our voices to Ottawa/D.C. together
 - CATSA staffing & cost
 - CBP staffing shortfall is barrier to growth/free trade
 - Ground rents, taxes & fees need to be kept in check

SUMMARY

- We continue to outperform the industry in North America
- We are a well-positioned, low-cost and efficient carrier
- We have a very strong culture and highly engaged workforce
- We have a strong brand in the market place
- We have a highly attractive combination of planned growth and strong balance sheet
- We're ready to grow at YYC & pleased to partner with the community





Thank You !



WESTJET 