OUR DESTINATIONS AT MARCH 15, 2017

- WestJet operated / Opérés par WestJet
- WestJet Encore operated / Opérés par WestJet Encore
- Seasonal service / Services saisonniers
- Partner operated / Opérés par des partenaires

Our flights may change. Please visit westjet.com for the latest route and destination info.
Nos vols peuvent changer. Veuillez visiter westjet.com pour les dernières nouvelles sur nos routes et destinations.
TABLE OF CONTENTS

CORPORATE STRUCTURE ............................................................................................................. 4
DEVELOPMENT OF THE BUSINESS .......................................................................................... 5
DESCRIPTION OF THE BUSINESS ............................................................................................ 8
  Mission, Vision, Values .............................................................................................................. 8
  Our People ............................................................................................................................... 9
Products and Services ................................................................................................................ 10
Competitive Environment .......................................................................................................... 14
Components of the Business ..................................................................................................... 16
Financing Arrangements ........................................................................................................... 19
Safety ....................................................................................................................................... 19
Environment ............................................................................................................................. 21
REGULATORY ENVIRONMENT ................................................................................................. 22
CAPITAL STRUCTURE ............................................................................................................... 26
DIVIDEND POLICY .................................................................................................................... 33
MARKET FOR SECURITIES ....................................................................................................... 33
DIRECTORS AND EXECUTIVE OFFICERS ............................................................................ 34
AUDIT COMMITTEE DISCLOSURE ............................................................................................. 43
MATERIAL CONTRACTS ............................................................................................................. 44
LEGAL PROCEEDINGS AND REGULATORY ACTIONS ........................................................... 44
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .................... 44
INTERESTS OF EXPERTS .......................................................................................................... 45
RISK FACTORS .......................................................................................................................... 45
PRIVACY ................................................................................................................................... 45
TRANSFER AGENT AND REGISTRAR ...................................................................................... 45
ADDITIONAL INFORMATION ..................................................................................................... 46
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION .................... 46
ADVISORY

The following Annual Information Form (AIF) dated March 15, 2017, should be read in conjunction with the cautionary statement regarding forward-looking information below, as well as the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Operating Results for the years ended December 31, 2016 and 2015 (MD&A). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Additional information relating to WestJet Airlines Ltd., including our annual financial statements, the MD&A, quarterly and annual reports and press releases, filed with Canadian securities regulatory authorities, is available on SEDAR at sedar.com and our website at westjet.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This AIF contains “forward-looking information” as defined under applicable Canadian securities legislation. Forward-looking information may be identified by words such as “anticipate”, “believe”, “estimate”, “intend”, “expect”, “may”, “will”, “should”, “potential”, “plan” or other similar terms. Our actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information. We can give no assurance that any of the events anticipated will transpire or occur or, if any of them do, what benefits or costs we will derive from them. By its nature, forward-looking information is subject to numerous risks and uncertainties including, but not limited to, the impact of general economic conditions, changing domestic and international airline industry conditions, volatility of fuel prices, terrorism, pandemics, currency fluctuations, interest rates, competition from other airline industry participants (including new entrants, capacity fluctuations and the pricing environment), labour matters, government regulations, stock market volatility, the ability to access sufficient capital from internal and external sources, and additional risk factors discussed in this AIF and in other documents we file from time to time with securities regulatory authorities, which are available on SEDAR at sedar.com or, upon request, without charge from us.

The forward-looking information contained in this AIF is expressly qualified by this cautionary statement. Please refer to page 46 of this AIF for further information on our forward-looking information including assumptions and estimates used in its development.

Our assumptions and estimates relating to the forward-looking information referred to above are updated in conjunction with filing our quarterly and annual MD&A and, except as otherwise required by law, we do not undertake to update any other forward-looking information.

EXPLANATORY NOTES

Consolidation - References to "WestJet", “the Corporation”, “our Company”, “our”, “we”, and “us” refers to WestJet Airlines Ltd. and its subsidiaries, including WestJet, an Alberta partnership (the Partnership) and the accounts of six consolidated structured entities (CSE), which are utilized to facilitate the financing of aircraft, except where the context otherwise requires. We have no equity ownership in the CSEs; however, the substance of the relationship between WestJet and the CSEs indicates that we control the CSEs. Accordingly, all intercompany balances and transactions have been eliminated.

Currency - All currency amounts are stated in Canadian dollars, unless otherwise noted.

Effective Date - All information is stated at December 31, 2016, unless otherwise indicated.
CORPORATE STRUCTURE

Name, Address and Incorporation
WestJet Airlines Ltd. was incorporated under the provisions of the Business Corporations Act (Alberta) (ABCA) on June 27, 1994 as 616373 Alberta Ltd. Our Company’s name was changed to WestJet Airlines Ltd. by Articles of Amendment dated May 30, 1995. On June 21, 1995, our Articles were further amended to alter our share capital, to delete the private company provisions and to affect certain other amendments to facilitate our offering of common shares for sale to the public. On August 30, 2005, we further amended our Articles to alter our share capital to create Common Voting Shares to be owned and controlled by Canadians and Variable Voting Shares to be owned or controlled by non-Canadians (Common Voting Shares and Variable Voting Shares are referred to collectively as the Voting Shares). On May 4, 2011 we amended our Articles to increase the maximum number of directors from 13 to 14.

Our principal business address is 22 Aerial Place NE, Calgary, Alberta T2E 3J1 and our registered office is Suite 2400, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1. Our website address is westjet.com.

Intercorporate Relationships
WestJet has four directly wholly-owned subsidiaries: WestJet Investment Corp., WestJet Operations Corp., WestJet Vacations Inc. (WVI) and WestJet Encore Ltd. (WestJet Encore), all of which were incorporated under the ABCA, as well as the Partnership, an indirect, wholly-owned Alberta partnership, established under the laws of Alberta. Our airline business is operated by the Partnership. Similar to the operations of WVI, all of the sales and marketing of our low-cost, regional carrier, WestJet Encore, are conducted by the Partnership.

WestJet also utilizes six consolidated structured entities (CSEs) to facilitate the financing of owned aircraft supported by the Export-Import Bank of the United States (Ex-Im Bank). Each CSE covers a group of owned aircraft. As noted under the heading Explanatory Notes, the CSEs are consolidated in our financial statements. Additionally, the Corporation participates in 17 Fuel Facility Corporations (FFC) and De-icing Facility Corporations (DFC) as interests in unconsolidated structured entities based on the restricted, narrow and well-defined objectives and activities of each FFC and DFC, the financial dependence of each FFC and DFC on the contracting airlines, and the contractual terms of each FFC and DFC preventing any single airline from having control or significant influence.
DEVELOPMENT OF THE BUSINESS

Three-Year History

WestJet is a Canadian airline based in Calgary, Alberta. We provide scheduled and charter commercial air travel, vacation packages and cargo services across North America, Central America, the Caribbean and Europe with our fleet of Boeing 737 Next Generation (Boeing 737 NG) aircraft, Bombardier Q400 (Q400) aircraft and wide-body Boeing 767-300ERW (Boeing 767) aircraft.

Over the past three years, the development of our business has focused on strategic expansion through:

- a larger, diversified, more efficient aircraft fleet;
- a larger and more connected regional and global network;
- enhancing our product and service offerings to attract a broader range of guests in the leisure and business segments;
- ongoing cost-saving initiatives that enable us to continue to provide low fares and protect and expand our market share; and
- preserving, enhancing and delivering on our award-winning culture of care that enriches the lives of everyone in WestJet’s world.

2014

- We reached a five year employment agreement with our WestJet 737 pilots as a result of the dedication and hard work of the WestJet Pilots Association that serves the interests of our employees and our business alike.
- We announced a multi-year agreement with Panasonic Avionics Corporation that provided us with a new inflight entertainment system, WestJet Connect, on board our Boeing 737 NG and Boeing 767 aircraft and that would feature a variety of new entertainment options. The installation of the new system across the Boeing 737 NG fleet, which began in the fourth quarter of 2014, was scheduled in phased approaches and will also include upgrading to new slim line seats with USB/110 volt power, and is estimated to be substantially complete by the end of 2017.
- We launched our new WestJet Rewards tiers program featuring three progressive levels – Teal, Silver and Gold, each with varying features intended to appeal to a wide spectrum of travellers. These changes to the WestJet Rewards Program were designed to help us acquire a larger portion of the frequent traveller market.
- We implemented a fee for the first checked bag on Econo fares for travel within Canada and between Canada and the U.S. This change allowed us to further unbundle our product offering in these markets and maintain low fares, which reinforced our strategy of being Canada’s low-fare leader.
- We reached a major milestone in our business and network by launching our first transatlantic flights to Dublin, Ireland. We also added several new interline relationships and two new codeshare partnerships with Qantas Airways and China Airlines, bringing our total airline partnerships to 46. Through our partnerships and our efficient fleet of Boeing 737 NG and Q400 aircraft, we continued to increase our connectivity and added a total of 11 new markets in 2014, bringing our total destinations served, including our partners, to over 150.
- We took delivery of seven Boeing 737-800NG aircraft and seven Q400 aircraft during the year, bringing our total fleet count to 122 at year end. We also announced our preliminary entry into wide-body service with the selection of four refurbished Boeing 767 aircraft, delivered in 2015 and 2016, that would allow us to develop and grow our network further through the ability to reach new destinations not previously attainable using our current fleet.
- We obtained our first public credit rating from Standard & Poor’s Rating Services (S&P). Our long-term corporate credit rating was assigned an investment grade rating of “BBB-” by S&P. This rating was a significant development for our capital structure as it opened up new and cost effective forms of debt-financing. We also completed our first private bond offering with a five-year, $400 million bond (refer to Financing Arrangements on page 19).
2015

- We reached a five year employment agreement with our WestJet 737 flight attendant employee group as well as a five year employment agreement with our WestJet Encore pilot group. Both agreements address compensation and work rules, among other items. These agreements, together with our WestJet 737 pilot agreement, set our employees and our business up for success for the next several years.

- We formally launched WestJet Connect, our new inflight entertainment system featuring wireless broadband internet connectivity and more than 450 movies and television programs as well as our new slim-line seats with USB/110 volt power outlets that allow our guests to charge their mobile devices. We also launched an enhanced Plus product that features more space and privacy with an empty middle seat on our 737 aircraft or two wider seats on our 767 aircraft as well as other added services and premium food and beverage options. All of these amenities further enhance our value proposition to both leisure and business guests.

- We made it easier for guests and travel agents to interact and to do business with us in 2015 by enhancing the functionality and content on our digital channels, including our mobile app and website as well as upgrading our technology that supports the marketing of our Plus fare and pre-reserved seating functionality across key distribution channels. These improvements further enhance our guests’ experience and support our ancillary revenue growth.

- We took delivery of 23 aircraft in 2015: 12 Boeing 737-800NG, nine Q400s and our first two wide-body Boeing 767 aircraft. We also delivered the remaining five Boeing 737-700NG aircraft to Southwest Airlines under an agreement respecting the sale of 10 of our oldest Boeing 737NG aircraft to Southwest Airlines between 2014 and 2015, bringing our total fleet count to 140 at year end. Overall, our evolving aircraft mix allowed us to reach new destinations and provide increased route frequency, additional non-stop routes and improved scheduling times and connectivity to our guests.

- We continued to add new destinations and connectivity across our network with 25 new markets in 2015 bringing our total destinations served, when including our partners, to over 160. This was made possible through our fleet expansion and the continued evolution of our 46 airline partnerships, which included two new code-share agreements with Philippine Airlines and Aeroméxico. Of particular significance was our announcement of London, United Kingdom as one of our new destinations to be served with our newly refurbished Boeing 767 aircraft, beginning in the spring of 2016, direct via six different Canadian cities. We also announced Boston and Nashville as our first and second U.S. destinations to be served by WestJet Encore in the spring of 2016.

2016

- February 29, 2016 marked the 20th anniversary of our inaugural flight in 1996. During this time we have grown from approximately 200 employees and a fleet of three aircraft servicing five destinations to over 12,000 employees and a fleet of over 150 aircraft servicing over 100 destinations. As part of our 20th birthday celebration, we rolled out a new logo featuring a stylized blue and teal maple leaf denoting our proud Canadian heritage as we continue our international expansion. Additionally, WestJet Encore celebrated its third year and WestJet Vacations celebrated its 10th year of successful operations.

- We celebrated the official opening of our new bilingual contact centre located in Moncton, New Brunswick which provides local job opportunities and enhances WestJet’s ability to service our French-speaking guests.

- We announced numerous enhancements to our WestJet Rewards Program, including a reciprocal frequent flyer agreement with Qantas Airways. This agreement allows members of both airlines’ respective frequent flyer programs to earn their choice of either WestJet dollars or Qantas Points when travelling on flights of either airline. We also offered a limited time status match offer whereby members of any airline or travel rewards program would be eligible to obtain Gold status in the WestJet Rewards Program, which includes the benefits of two free checked bags, airport lounge vouchers, advance boarding and priority security screening at select airports, in addition to numerous other benefits.

- We continued our international expansion with the introduction of seasonal non-stop service, which extended to year round service from Calgary and Toronto, to London Gatwick under a wide-body pilot program. In accordance with our agreement with the WestJet Pilots Association, our pilots voted in favour of expanding the Company’s wide-body operations to include additional aircraft to service new international destinations.
We further enhanced both our domestic and transborder and international network, with increased frequencies and new destinations focused in Eastern Canada, the U.S., and international markets, including the commencement of service to transborder destinations by WestJet Encore. We continued to expand our airline partnerships, adding four additional codeshare agreements during the year, increasing our total number of destinations serviced to over 170 when including our airline partnerships.

In order to meet the capacity requirements of our expanding network, we took delivery of ten Bombardier Q400 aircraft, four Boeing 737 NG 800 series aircraft and two Boeing 767 aircraft. We also returned three leased Boeing 737-700 NG aircraft during the year, bringing our total fleet count to 153 aircraft at the end of the year. Additionally, we converted the remaining nine of our original 25 purchase options with Bombardier to firm orders for Bombardier Q400 aircraft, which we expect to be delivered in 2017 and 2018.

We announced a multi-year agreement with Suncor Energy Inc. as the primary charter provider to fly employees and contractors to and from its oil sands operations in Northern Alberta, which commenced in early November 2016. WestJet will use a combination our Boeing 737 NG and Q400 aircraft to fly more than 100 weekly flights between the Canadian cities of Edmonton, Calgary, Vancouver, Kelowna, Saskatoon, Fort McMurray and Suncor’s operations in the Regional Municipality of Wood Buffalo, Alberta.

We obtained our second “investment grade” credit rating from Moody’s Investors Service (Moody’s) (Baa2) in 2016, which enabled us to access cost-effective financing in the form of our first US-dollar-denominated private placement of US $400 million 3.50 per cent senior unsecured notes (the US-Dollar Notes) (refer to Financing Arrangements on page 19) the proceeds of which are being used for general corporate purposes and the funding of future aircraft purchases.

2017 Developments

We anticipate taking our first deliveries of new Boeing 737 MAX aircraft during 2017. These aircraft will be equipped with General Electric LEAP-1B engines and new split-scimitar winglets, and are expected to be more fuel efficient than our current Boeing 737 NG aircraft. The 737 MAX will enhance our guest experience through a quieter cabin featuring the new Boeing Sky Interior, which includes larger windows, sculpted ceilings, customized LED lighting, and more room for carry-on baggage.

As we move into 2017, we are focused on a number of new initiatives to evolve our business which we expect to bring value to our guests and shareholders. These initiatives include further enhancements to our Westjet Rewards program, improvements to our digital platforms to enhance self-service capabilities and adding new airline partnerships. We will pursue additional initiatives to drive revenue and improve earnings by reaching more of the business traveller segment through the launch of further enhancements to our Plus fare product offerings.

In light of our pilots voting in favour of expanding our wide-body operations in 2017, we will evaluate our options on wide-body aircraft including age, make, model and number of aircraft, along with the pace of expansion while considering the impacts on our financial targets and credit metrics. We do not anticipate incremental wide-body service in 2017.
**DESCRIPTION OF THE BUSINESS**

**Mission, Vision, Values**

Our mission is to enrich the lives of everyone in WestJet’s world. We believe that focusing on metrics such as safety, on-time performance, profitability, guest satisfaction and employee engagement will lead us toward this goal.

On February 28, 2017, we rolled out our 2022 vision to all WestJetters which focusses on three bold claims: we are team WestJet, we are caring at our core, and we are a global airline. This vision was co-created with WestJetters across the country and reflects our shared beliefs and values across the organization.

Guiding us every day towards accomplishing our mission and vision are our core values:

- commitment to safety;
- positive and passionate in everything we do;
- appreciative of our people and guests;
- fun, friendly and caring;
- aligning the interests of WestJetters with the interests of the Company; and
- honest, open and keeping our commitments.

Our focus on our people has always been fundamental to the success of our airline. In an industry that has become largely commoditized, we recognize that WestJetters (WestJet employees) are an essential part of our business and that their commitment to caring for our guests supports our profitable results. We remain committed to our goal to attract, train, motivate, develop and retain the right people.

We recognize that living our values and taking care of WestJetters is fundamental to taking care of our guests and taking care of our business. Our caring culture is essential to our continuous growth and is one of the key elements that provide us with the capability to execute on our strategies.
Our People

(i) WestJetters

As owners, WestJetters know better than anyone why we are not just another airline. It is because of WestJetters’ dedicated efforts that we continue to grow year after year, striving to create a remarkable experience for each of our guests. We are committed to strong employee development and compensation programs that align with our core values. These programs allow us to take care of WestJetters, which in turn, allow them to take care of our guests. Our caring culture and safety priority are essential to our continued success.

We aim to ensure WestJetters’ work experience is enjoyable, challenging and rewarding. As the airline industry continually changes and poses new challenges and opportunities, the dedication of WestJetters to our Company and our guests is a key factor in our success. Competitors may be able to replicate our technologies, products and low-cost infrastructure, but it is much more difficult to replicate WestJet’s highly-engaged people and strong culture. The friendly and caring guest service provided by WestJetters creates a strong, lasting relationship between our Company and our guests and ultimately results in guests returning to fly with us in the future.

Well-trained and engaged employees with high personal spirit are critical to the development and execution of our strategy, especially in the highly-competitive airline and transportation industry. Consequently, the ability to attract, train, motivate, develop and retain the right people is very important. To achieve the highest level of guest service, we foster a culture of empowerment and encourage people to find solutions and make decisions to ensure each guest has an outstanding experience when flying with us.

WestJet’s Altitude Leadership Development Program is focused on developing a community of leaders through business-focused, competency-driven development. This program is grounded in our leadership competency model, strategic platform and award-winning culture. Talent management, diversity and inclusion, and employee engagement are some of the key strategic priorities that we emphasize to help reinforce and grow our strong culture.

At December 31, 2016, we had over 12,000 employees representing approximately 9,988 full-time equivalent employees.

(ii) WestJet Employee Association

 Unlike many of our peers in the airline industry, our employees do not belong to a union. To help facilitate effective communication between management and non-management employees, the Pro-Active Communication Team, renamed the WestJet Employee Association (WEA) in 2016, was formed in 1999 by non-management employees. Since its creation, WEA has been our recognized employee association, representing the interests of all non-management employees. WEA’s mission is to represent its diverse membership by balancing their needs and those of the Company through engaging in positive, collaborative employee relations. WEA achieves this through interest-based discussions, communication and resolution. The Chair of WEA holds a seat on our Company’s Board of Directors.

WEA has evolved over the years and continues to do so to meet the needs of non-management employees. WEA is comprised of the following six member associations that represent the diverse interests within our Company:

- Airports Employee Association (AEA)
- Aircraft Maintenance Engineers Association (AMEA)
- WestJet Cabin Crew Association (WCCA)
- Contact Centre Employee Association (CCEA)
- Technical Administrative and Professional Support (TAPS)
- WestJet Pilots’ Association (WJPA)

WestJet has a memorandum of agreement with WEA to help serve the interests of WestJetters and the business alike. Our WestJet 737 pilots and WestJet 737 flight attendants have agreements in place which will expire on April 30, 2019 and April 30, 2020, respectively and our pilots at WestJet Encore have an agreement, which will expire on December 31, 2020. These agreements cover compensation, scheduling and other work rules.
(iii) Compensation

Our compensation philosophy is designed to align corporate and personal success. We have created a compensation program whereby a portion of our expenses are variable and are tied to our financial results. Our compensation strategy encourages employees to become owners in WestJet, which creates a personal vested interest in our financial results and operational accomplishments.

In addition to a base salary, compensation is enhanced through a profit sharing incentive, an Owners Performance Award (OPA) plan and an Employee Share Purchase Plan (ESPP). These programs are the foundation of our compensation strategy. Profit sharing distributes a percentage of our earnings to employees – the higher our earnings, the higher the profit sharing distributions. The OPA plan distributes a percentage of our earnings to WestJetters based on annual targets in four WestJet key operating metrics: safety, safely performing on time, guest experience and cost. Our ESPP is a share purchase matching program where eligible employees are permitted to contribute up to a maximum of 10 per cent, 15 per cent or 20 per cent of their gross salary, depending on their employment agreement, in which we match dollar for dollar the purchase of Voting Shares at their current fair market value.

We believe employees are more motivated to improve our overall performance and more engaged in the business when they own our shares and share in our profits and success. During periods of successful corporate performance, WestJetters benefit through profit sharing and potential stock appreciation; however, during periods of lower corporate performance, compensation plans automatically yield a lower overall compensation cost to our Company.

(iv) Social Policy

We provide a friendly, safe, equitable and rewarding work environment for WestJetters. We attract and retain diverse and outstanding professionals. We provide continuous learning opportunities, encourage performance excellence and develop leaders at all levels.

As a fundamental principle of employment, and in recognition of the Canadian Human Rights Act, we recognize that all persons are equal in dignity and human rights without regard to race, religion, colour, national or ethnic origin, sex, sexual orientation, marital or family status, disability, age, or convictions for which a pardon has been granted. We are committed to the legislative requirements and objectives of the Employment Equity Act and report annually to government authorities on the representation of those designated groups within our Company. WestJet continually explores new and innovative ways to enhance our diversity hiring and talent management initiatives.

We have continued to renew our partnership with Catalyst, the leading non-profit organization expanding opportunities for women and business, each year since our initial signing of the Catalyst Accord in 2012. The Catalyst Accord is a call to action for Canadian corporations to exercise best efforts to increase the overall proportion of Financial Post 500 board seats held by women to 25 per cent by 2017. We have always sought to build the strongest slate of Directors for our board and our partnership with Catalyst adds another dimension to our efforts.

Throughout 2016, WestJet has implemented a strategy with increased focus on gender and language diversity in order to meet the demands of our growing group of WestJetters, guests, and our expanding flight network.

Products and Services

(i) Overview

We offer scheduled commercial air travel, vacation packages, charter and cargo services to leisure and business guests across North America, Central America, the Caribbean and Europe.

Our commercial air travel business also supports a variety of other product and service offerings including: flight change and cancel options; upgrading to our Plus seating; pre-reserved seating; baggage fees; premium food, beverage and inflight entertainment options; and our WestJet RBC® MasterCard®.

Our vacation package offers a variety of products and services purchased such as: flights, hotel accommodations, car rentals and tour attractions. WVI plays a key role in supporting our network expansion and continues to expand through agreements with hotels, car rental agencies, tour operators and other travel related vendors in order to provide a variety of customized vacation options to meet our guests’ needs.
Our revenues are classified and presented in two categories: (1) guest revenues from the sale of scheduled airfare and (2) other revenues from the sale of ancillary services and products, WVI non-air components on vacation package sales, charter services and cargo services. For the years ended December 31, 2016 and 2015, our guest revenue and other revenue were as follows:

<table>
<thead>
<tr>
<th>($ in thousands)</th>
<th>2016</th>
<th>%</th>
<th>2015</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guest</td>
<td>3,556,941</td>
<td>86%</td>
<td>3,557,222</td>
<td>88%</td>
</tr>
<tr>
<td>Other</td>
<td>565,918</td>
<td>14%</td>
<td>472,043</td>
<td>12%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>4,122,859</td>
<td>100%</td>
<td>4,029,265</td>
<td>100%</td>
</tr>
</tbody>
</table>

(ii) Aircraft Fleet

Selected for their operational reliability and fuel efficiency, the Boeing 737 NG and Bombardier Q400 aircraft hold an important place in our fleet, allowing us to successfully provide air travel at a reasonable price to our guests. Our four refurbished Boeing 767 wide-body aircraft have provided a small low-cost fleet to test our offering in the longer-haul and overseas markets. We plan to introduce new Boeing 737 MAX aircraft into our fleet, schedule to take place in the second half of 2017. WestJet will be one of the first airlines to take delivery of, and operate, the latest technology available in the narrow-body aircraft market. The Boeing 737 MAX has improved fuel efficiency and operating cost advantages compared to our existing Boeing 737 NG aircraft and will provide our guests with a great guest experience due to improved design features of the Boeing Sky Interior, which include larger storage bins and windows.

As we continue expanding into new markets, a significant component of our success depends on our ability to match capacity with demand. The population distribution of Canada is spread over large distances between major cities and smaller communities. Accordingly, a fleet consisting of more than one aircraft type and series model better serves Canada’s diverse population distribution and commercial air travel demand environment. To optimize capacity across different demand environments, we now have five different aircraft capacity configurations: the Boeing 767 series with 262 seats, the Boeing 737-800NG series with 168 seats, the Boeing 737-700NG series with 130 seats, the Boeing 737-600NG series with 113 seats and the Q400 with 78 seats. Our 41 leased Boeing 737 NG aircraft also provide us with valuable capacity flexibility through our ability to return aircraft at the end of the lease or extend lease terms based on our outlook for commercial air travel in the markets we serve and the overall economic environment. Our evolving aircraft mix has also allowed us to provide increased route frequency, increased non-stop routes and improved schedules and connectivity to our guests.

For further details about our aircraft counts, fleet types, lease return options and future deliveries, please refer to the "Fleet" section beginning on page 28 of our MD&A as filed on SEDAR at sedar.com, which section is incorporated by reference herein.

(iii) Pricing and Fare Bundles

To appeal to a wide range of guests and their travel preferences we offer differentiated pricing through three different fare bundles: Econo, Flex and Plus. Our fare options provide our guests with the ability to customize their experience by selecting services that they value and that best suit their needs. Econo is our lowest fare option and is ideal for guests who do not require additional flexibility in their travel plans. Flex fares provide guests with more flexibility, including free standard pre-reserved seating, a complimentary checked bag and reduced fees for itinerary changes. Plus fares provide for maximum flexibility, comfort and convenience, and include complimentary flight change and cancellation options (additional fare collection may be required based on availability and fare changes), extra baggage allowance, priority screening at select airports, and the ability to sit in Plus. Guests seated in Plus enjoy advance boarding and first access to overhead bins, extra legroom in the front of the aircraft and complimentary premium food and beverages. Our Plus seating onboard our Boeing 737 aircraft offers more space with an empty middle seat. On our Boeing 767 aircraft, the Plus section offers wider seats with seating configured in sets of two, separated by an aisle as well as premium hot meal service. On longer flights, guests in Plus also enjoy hot towel service and an amenity kit. Our Plus product is part of our ongoing effort to enhance our value proposition for business and high-end leisure travellers. Access to our Plus seats are included in our Plus fares while Econo fare and Flex fare guests have the opportunity to upgrade to a Plus seat for a fee, at time of check-in, if available.
Our fares are based on one way travel in order to avoid penalizing guests for not booking a round trip flight. Tickets must be paid for at the time of reservation and are non-refundable after 24 hours, allowing us to avoid overbooking our flights. Although it is common practice in the airline industry to oversell flights, our practice to not overbook flights helps foster guest loyalty and overall enjoyable travel experience. Guests may cancel or change their itinerary for a fee or for free depending on the fare bundle they choose. Guests who cancel or change their itinerary may have to either pay additional fare or be credited the difference in fare, if any, as fares are subject to change and based on availability. During the year, cancellation fees related to WVI vacation packages were increased to align our fees more closely with our competitors. Effective January 17, 2017, change and cancel fees increased for both Econo and Flex bundles.

(iv) Inflight Entertainment and Connectivity

In July 2015, we launched our inflight entertainment system, WestJet Connect, which currently provides free access to over 700 hours of movies and television programs, text news, weather and destination information, as well as live streaming channels of news and sports. WestJet Connect is made possible under a multi-year agreement with Panasonic Avionics Corporation to provide us with service throughout our domestic, transborder and international network. Guests use their own personal electronic device to receive live and stored content streamed wirelessly from a server on board each WestJet Boeing 737 NG and 767 aircraft. Airtime packages are also available at a fee to provide guests with the ability to surf the internet, access email or plan a vacation on westjet.com. The addition of Wi-Fi is a strategic step targeting the business traveller, enabling them to make the most of their travel time.

Our Boeing 737 NG aircraft equipped with WestJet Connect have USB/110 volt power outlets in our new, slimmer seats to enable guests to charge their devices. Our Boeing 767 service includes a mix of 110 volt power outlets to the Plus cabin and multiple USB ports to all other seats.

Installations of WestJet Connect are currently ongoing with installations complete on 84 WestJet Boeing NG aircraft and all four Boeing 767 aircraft at the end of 2016, with the majority of the remaining installations scheduled to be completed throughout 2017. Future Boeing aircraft deliveries will include WestJet Connect as their default configuration.

Until such time as the installations of WestJet Connect are complete, our guests can still enjoy our in-seat entertainment system, LiveTV, on our Boeing 737 NG aircraft. LiveTV provides up to 24 channels of live satellite television from Bell TV on our domestic flights as well as four channels offering free movies on all flights exceeding three hours. On select aircraft that are temporarily without LiveTV or WestJet Connect and where the flight exceeds three hours, we offer tablets loaded with a wide choice of new release movies and television programs for a nominal rental fee.

(v) WestJet Rewards Program

The WestJet Rewards Program has enhanced its offerings since its inception by adding three tiers: Teal, Silver and Gold. With our tier benefits, our most loyal members earn WestJet dollar rewards at higher rates on WestJet flights, achieve milestone awards and receive easy-to-use and highly popular flight and airport benefits. In February 2017 we announced further enhancements to our tier program which offers a simplified user experience, the ability to earn more rewards faster through the elimination of anniversary earn rate resets, lower spend qualification for Silver tier and single earn rates within each tier. Additionally, Gold tier members have exclusive access to a dedicated guest service hotline, through the WestJet app, to obtain assistance with any travel issues. The benefits of tiers support WestJet’s strategy to gain a greater share of the frequent business traveller market.

The WestJet Rewards Program allows members to earn our reward currency, WestJet dollars, on WestJet operated and marketed flights, certain airline partner operated or marketed flights through our reciprocal frequent flyer program, WestJet Encore flights and WestJet Vacations packages. In addition members can also earn WestJet dollars through our hotel, car, insurance and tour attraction partners booked through WestJet Vacations. We continue to partner with RBC Royal Bank® and MasterCard® to offer a premium and basic program credit card that allows members the opportunity to earn WestJet dollars through their everyday credit card purchases. The WestJet RBC® World Elite MasterCard® provides one of the strongest rewards value propositions in Canada with a flexible annual companion voucher, free first checked bag for primary card holders and up to eight additional guests travelling on the same reservation and a generous welcome bonus of 250 WestJet dollars.
Members of the WestJet Rewards Program can use their WestJet dollars towards any WestJet operated or marketed flight, including WestJet Encore flights, or WestJet Vacations package with no blackout restrictions. The simplicity of our rewards program has been well received by our guests and continues to increase our brand awareness, guest loyalty and presence in the global travel rewards market. In 2016, the WestJet RBC® World Elite MasterCard® and the WestJet RBC® MasterCard® continued to be recognized as top travel rewards cards in Canada with the WestJet RBC® World Elite MasterCard® being recognized as Canada’s best travel rewards card according to MoneySense magazine for the fourth year in a row.

The WestJet Rewards Program also has reciprocal frequent flyer agreements with American Airlines, Delta Airlines and Qantas Airways. Under these arrangements, WestJet Rewards members are able to earn WestJet dollars when they fly on flights marketed and operated by these partners. These agreements also allow WestJet Rewards members to redeem their WestJet dollars on codeshare operated flights extending the network available to our WestJet Rewards members to more than 60 destinations not served by WestJet or WestJet Encore. By the end of 2017 we expect to have enhanced the value proposition of our WestJet Rewards Program by expanding the capability to redeem WestJet dollars on flights operated by additional airline partners.

(vi) Other Products and Services
We also offer a variety of other products and services including:

- comfortable cabins featuring leather seats;
- complimentary beverage and snack service on most flights;
- buy on board food and beverage items, including the ability to pre-order these products for departures from select airport locations;
- self-serve check-in abilities and self-serve kiosks for baggage tagging at most major Canadian airports;
- enhanced web and mobile check-in services, electronic boarding passes, email and text message communications for up-to-date flight information and self-serve change and cancellation abilities;
- TSA Precheck designation using web, mobile and kiosk check-in, which offers a less-intrusive search when departing from U.S. airports;
- access to airport lounges at select airports; and
- WestJet mobile app for iPhone and Android devices that provides access to many frequently used features on westjet.com, including booking flights/vacations/cars/hotels, viewing trips, checking-in, flight status, viewing travel information, and access to WestJet Connect.

(vii) Principal Markets and Seasonality
Our business defines our principal customer markets to be leisure and business guests. On a geographic basis, our business defines our principal markets to be the domestic Canadian market, the U.S. transborder market and the international market, which includes Mexico, Central America, the Caribbean and Europe.

Our vacation package business is primarily focused on leisure guests in the U.S. transborder and international markets while our low-cost, regional, short-haul network, operated by WestJet Encore, serves leisure and business guests in the domestic Canadian and U.S. transborder markets.

The airline industry is sensitive to general economic conditions and the seasonal nature of air travel. In comparison to the U.S., the volume of domestic travel within Canada is lower, necessitating growth beyond our domestic market. In Canada, we experience increased domestic and European travel in the summer months and more demand for transborder and international travel over the winter months. In response to these market conditions and seasonal demand patterns, we allocate a significant portion of our system capacity towards higher-demand transborder and international markets over the peak winter months.
(viii) Distribution Methods

Our products and services are available for purchase to guests through a variety of mediums including:

- our mobile-friendly website westjet.com, including functionality to enhance accessibility for guests with disabilities;
- our WestJet mobile device app for iPhone and Android;
- our contact centres, providing telephone sales and support 24 hours a day, seven days a week in English and for extended business hours seven days a week in French;
- travel agencies and travel search websites; and
- in person at airport counters.

Our travel agent partners and the travel agency community are important strategic relationships in our distribution network that help us achieve continued growth. Growing our presence in both the travel agent and online travel agent market contributes to our revenue growth and brand awareness. We continue to recognize and support our travel agent community by paying compensation that is directly tied to revenue and other performance based targets. We continue to work closely with the travel industry in North America and Europe and we plan to further expand our relationships with the travel industry as we enter new international and transborder markets.

Competitive Environment

(i) General

The airline industry is highly sensitive to general economic conditions and international events, weather conditions, changes in jet fuel prices and foreign exchange rates, pricing and capacity actions taken by competitors and guest demand.

Airlines inherently have high fixed costs relative to revenue earned. We believe profitability within the Canadian airline industry relative to other international markets is impeded by restrictive taxes, higher airport infrastructure costs, fees on travellers, significant seasonality in guest demand and geographic dispersion.

The Canadian airline industry is characterized by few barriers to entry where minimal regulatory barriers exist to prevent a licensed Canadian carrier from serving any Canadian or transborder city-pair. Additionally, competitors face no government-imposed restrictions regarding prices, aircraft types (except with respect to safety or other issues such as noise restrictions) or frequency of routes, subject to the provisions of the Competition Act (Canada) (the Competition Act) as discussed on page 23. Despite the reduced regulatory barriers, the high-risk nature of the airline industry tends to serve as the largest barrier to entry.

(ii) Routes and Scheduling

We believe that the network composition and capacity of an airline is one of the most significant factors in its competitive strategy. Travellers often use criteria such as non-stop service, time of day and flight frequency when selecting an airline. We continuously strive to design a network that meets the needs of our guests and provides affordable air travel that stimulates demand. We continue to add non-stop routes to our network to increase the travel convenience for our guests. For markets without non-stop service and to supplement non-stop routes, we offer through flights or connection services for our guests.

To maximize aircraft utilization, we look for opportunities to operate our fleet during off-peak times when the aircraft would otherwise be idle, to serve markets that may not be as time sensitive or may be better served by evening or overnight flights.

Through our network and competitive fares, we aim to stimulate demand from guests who would not otherwise travel or from guests who would select another airline. We estimate that when we enter most new markets the net effect to that market is an overall increase in total traffic from the combination of our network, schedule and lower fares. This means we are often able to create new demand when we enter new markets.
Establishing strong interline and codeshare partnerships with airlines from around the world is another important strategic relationship in our network that helps us achieve our continued growth in two ways: (1) by welcoming new, incremental guests from our partner airlines who were not previously aware of WestJet, and (2) by allowing our guests access to new worldwide destinations operated by our partner airlines that are not currently viable commercial opportunities for us. These network contributions by our airline partners also help us offset certain seasonal demand patterns in Canada. We will continue to expand our partnerships where we see the opportunity for profitable growth to destinations that complement our existing network.

(iii) Fares

Our revenue management process aims to maximize guest revenues by balancing the fares offered with flight demand. This is accomplished by offering multiple fare levels and products to satisfy both our leisure and business guests. Our fare structure is designed to offer value-based everyday low fares with the objective of encouraging guests to purchase flights when they are ready to book, rather than relying on a seat sale.

(iv) Competition and Competitive Position

Within the Canadian domestic market, we primarily compete with scheduled airlines such as Air Canada, including Air Canada Rouge, and regional carriers such as Porter Airlines. The competition in the U.S. transborder market comes primarily from Air Canada and Porter Airlines as well as larger U.S. airlines such as American Airlines, Delta Airlines, United Airlines and Alaska Airlines. International market competition comes primarily from Air Canada, national flag carriers from their respective home nations and Canadian-based charter airlines such as Air Transat, Sunwing, and U.S. and European airlines. In the vacations space, we compete with Air Transat, Sunwing, Air Canada Vacations, foreign carriers and smaller domestic carriers. Canadian markets close to the U.S. border have seen travellers drive to nearby U.S. border-city airports in an attempt to avoid higher Canadian air travel taxes, but this has slowed in recent years with the depreciation in the Canadian dollar.

We also compete with surface transportation alternatives in short-haul markets, and to a lesser degree, in medium-haul and long-haul markets. Surface transportation primarily consists of automobile, bus and rail transportation.

We continue to monitor the competitive landscape for new entrants into the Canadian market, including one or more ultra-low cost carriers, such as NewLeaf Travel (NewLeaf) which launched in 2016, and possible entry by foreign carriers into the domestic Canadian market, but believe we are well positioned to compete due to our strong corporate culture, large network and reputation within the communities we serve as the preferred low-cost airline. As a result of our efforts, during 2016, we were recognized as Canada’s most trusted airline according to the Gustavson School of Business at the University of Victoria. The results were based on a survey of more than 6,000 Canadians across 276 brands.

The following table depicts our competitive market share positions in the Canadian domestic, U.S. transborder and international markets where Canada is the origin or destination country:

<table>
<thead>
<tr>
<th>Airline</th>
<th>Canadian Domestic</th>
<th>U.S. Transborder</th>
<th>International</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>WestJet</td>
<td>36%</td>
<td>21%</td>
<td>5%</td>
<td>18%</td>
</tr>
<tr>
<td>Air Canada</td>
<td>56%</td>
<td>45%</td>
<td>39%</td>
<td>45%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
<td>34%</td>
<td>56%</td>
<td>37%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

(v) Competitive Trends

The North American airline industry continued to deliver strong financial performance in 2016 largely due to decreases in fuel prices and capacity management. Canadian airlines also benefited from lower fuel prices; however, these decreased costs were partially offset by revenue weakness and decreased flight yields due to a weaker demand environment along with a significant devaluation of the Canadian dollar.
Components of the Business

(i) Fuel

Fuel is one of our most significant costs. Fuel price volatility is impacted by a host of factors outside our control, such as significant weather events, geopolitical tensions, refinery capacity, and global demand and supply. In response to this, we have adopted measures and continually investigate opportunities to mitigate the impacts of fuel costs. In addition to purchasing more fuel efficient aircraft like the Boeing 737 MAX, initiatives such as reducing the weight on our aircraft, improving operating procedures to optimize fuel burn and working with our aircraft and materials suppliers to improve fuel efficiency and reduce in-plane costs are some of the key measures that we have adopted. Our fuel management process also includes evaluating the security of our supply of jet fuel to avoid potential supply interruptions. To ensure a continuous and reliable source of fuel, we have diversified our fuel sources and have strategically invested in fuel-storage infrastructure.

We continue to be engaged with the Canadian federal government and industry stakeholders to advance the development and production of biofuels for aviation in Canada. We support the development of sustainable aviation biofuels that have a minimal impact on the ecosystem, do not displace or compete with food crops and are economically viable. By accelerating the production of sustainable, Canadian-made aviation biofuel, the aviation industry can achieve further significant emission reductions. This will strengthen the competitiveness of our industry so that we can continue to deliver the affordable, safe and caring service that our guests expect.

For additional discussion about the financial impacts of our fuel costs and our financial risk management policies surrounding fuel, refer to the "Aircraft fuel" section beginning on page 13 and the "Financial Instruments and Risk Management" section beginning on page 32 of our MD&A, as filed on SEDAR at sedar.com, which section is incorporated by reference herein.

(ii) Maintenance

Our aircraft maintenance programs are approved by Transport Canada and place emphasis on both safety and aircraft reliability. Our programs meet all requirements of the Boeing and Bombardier maintenance planning documents along with any additional Transport Canada requirements. The programs are designed to ensure the completion of all required maintenance checks within prescribed timeframes and provide a maintenance schedule that facilitates long-term fleet utilization planning.

We maintain the highest standards of safety and have in-house reliability programs which monitor aircraft, engine and component performance on the Boeing 767, the Boeing 737 NG and the Q400. In addition, we obtain information directly from Boeing, Bombardier, CFM International, Pratt and Whitney Canada and other original equipment manufacturers relating to any maintenance updates for aircraft, engines and other aircraft components that allow us to continuously enhance our maintenance programs.

We generally carry out our own line maintenance activities, which are generally minor and unscheduled. When external agencies do carry out maintenance on our aircraft, we maintain quality oversight and ensure that all such agencies are approved by Transport Canada. Our heavy maintenance activities are carried out by Transport Canada approved external agencies at their facilities.

New aircraft are under warranty for several years, resulting in lower maintenance costs. Of our 153 aircraft at December 31, 2016, 62 aircraft remain under warranty, with 13 coming off warranty in 2017.

Along with our maintenance programs we have an inventory control system intended to reduce the time that an aircraft may be out of service for maintenance and parts replacement. An inventory of rotatable, expendable and consumable spares at strategic locations across the network helps to ensure quick availability and replacement of parts. Inventory levels at each location are based on historic demand and future forecasts of replacement requirements.

(iii) Operations Control Centre

We have an Operations Control Centre (OCC) that operates 24 hours a day to assist with on-time performance goals by minimizing aircraft ground time through efficient flight, crew, weight and balance planning. The OCC also controls and monitors our aircraft movement across our network. If poor weather conditions, crew delays or mechanical issues force an unexpected change in the schedule, the OCC works in conjunction with our Guest Solutions department to make alternate plans to ensure guests are re-accommodated with as little inconvenience as possible.
(iv) **Cargo**

We are a belly-space cargo operator, servicing shippers of containerized and non-containerized products in our Boeing 767, 737 NG and Q400 aircraft. Our cargo marketing and sales functions are managed by EXP-AIR Cargo (EXP-AIR). EXP-AIR enables us to automate our cargo handling services, allowing for real-time tracking and tracing of all shipments in our network and electronic transfer of data to our flight planning system. EXP-AIR also provides the opportunities for bilateral transborder and international cargo shipments with electronic transfer of data to both customs and security authorities.

(v) **Key Operational Performance Indicators**

One of our key objectives is to maintain on-time flight operations in a safe and efficient environment. An important component of high-quality guest service is ensuring that all of our guests arrive at their destination on time. On-time performance, an important measure of the reliability of an airline, ensures guests are not inconvenienced and that costs associated with delayed flights, such as guest compensation for hotel stays, meals and other incidentals, are minimized.

We continue to strive to rank among the top North American airlines in three key operational performance measures for the industry:

- on-time performance: the percentage of scheduled flights that arrive within 15 minutes of the scheduled arrival time or earlier;
- completion rate: the percentage of scheduled flight legs completed, calculated as the number of scheduled flight legs operated divided by the total number of scheduled flight legs; and
- bag ratio: the number of delayed, lost baggage, damaged or pilfered claims made per 1,000 guests.

In spite of the weather and other challenges experienced during the year with respect to the above performance indicators, we were recognized, for the second consecutive year, as being in the top five major North American airlines for on-time performance, demonstrating our continued focus and efforts on safely performing on time. For additional information refer to the "Guest Experience – Key Performance Indicators" section on page 23 of our MD&A as filed on SEDAR at sedar.com, which section is incorporated by reference herein.

(vi) **Insurance**

We carry aviation and commercial insurance at levels deemed by management to be appropriate and reasonable for the nature of our operations including coverage for aircraft damage and liability resulting from our operations as well as coverage for general liability and property damage.

(vii) **Foreign Exchange**

The nature of our business is such that we have exposure to fluctuating foreign exchange rates as we have a number of significant inputs including capital and operating expenditures denominated in, or directly correlated to, US dollars, namely aircraft and aircraft part purchases, aircraft leasing costs, aircraft fuel, aircraft maintenance costs, airport operating costs and hotel, tour attraction and car rental costs related to our vacation packages. Our WestJet and WestJet Encore flights and WestJet Vacation packages are predominantly sold in Canadian dollars; therefore adverse changes in the exchange rate between the Canadian dollar and the US dollar can negatively impact our margins.

For additional discussion about our financial risk management policies surrounding foreign exchange, refer to the “Financial Instruments and Risk Management” section beginning on page 32 of our MD&A, as filed on SEDAR at sedar.com, which section is incorporated by reference herein.

(viii) **Infrastructure**

Our real estate infrastructure is comprised of three types of facilities: office space for administrative functions, hangar space for aircraft maintenance and airport terminal space for airport operations. Facility needs are assessed based on fleet growth, aircraft destinations, maintenance requirements and planned expansion of operating departments.

We operate and perform aircraft maintenance activities in hangar facilities in Calgary, Edmonton, Vancouver, Toronto and Halifax. The collective capacity of all our hangar facilities sufficiently accommodates all of our storage and maintenance needs for the current fleet. The hangar in Toronto accommodates the maintenance on our Boeing 767 aircraft. Our future needs for additional hangars will be based on our fleet growth and the amount of activity in any given airport.
We also maintain check-in, maintenance and minimal administrative office space at each airport in our network. These spaces are leased from the local airport authorities. We continue to have focused discussions with airport authorities who are taking on significant airport development projects to ensure our current and future terminal space requirements are addressed. We expect that our needs will be accommodated by the airport authorities to the best of their ability.

Our head office building, referred to as the Fred Ring Building (Campus), was constructed to Leadership in Energy and Environmental Design (LEED) standards and received gold LEED certification in 2011. Overall, LEED certified facilities are expected to be 25 to 35 per cent more efficient and save approximately 900 tonnes of greenhouse gases on an annual basis as compared to a facility designed to traditional building code standards.

(ix) Technology

Information Technology (IT) plays a wide-reaching and key role in our business model and day-to-day activities. Among many factors, a strong IT infrastructure enables us to enhance a guest’s experience, increase efficiencies in our airline operations, lower costs and safeguards information.

Some of our significant IT developments in 2016 include:

- implementation of new booking software on westjet.com with increased self-service capabilities, including functionality for guests to manage their itineraries and process flight changes or cancellations without contacting a contact centre representative;
- enhanced the accessibility of WestJet’s websites to comply with regulations issued by the U.S. Department of Transportation (DOT) regarding the accessibility of information for guests with visual or hearing impairments; and
- expanded our networking infrastructure to ensure fast, reliable and secure communications between our contact centres in Calgary and Moncton.

For 2017, we plan to deliver technologies that will allow WestJet to extend WestJet Rewards redemption to select airline partners, enhance our online digital channels to bring more self service capabilities to more guests, implement an onboard mobile tablet point of sale system for use by our flight attendants and continue to enhance the reliability and availability of our critical IT airline operations systems.

(x) Marketing and Advertising

Our marketing and advertising strategy builds and maintains awareness of our brand promise, which is to deliver a quality product and experience in a safe, caring, friendly and guest-focused way. Through an insight-lead strategic approach, we deliver multiple campaigns over the course of the year, ensuring our brand remains top of mind to those in our target audience.

We use various mediums to advertise our brand to individual consumers and the travel industry. Consumer advertising mediums include print, radio, television, social media, digital marketing, search engine optimization, outdoor, point-of-sale signage, promotions and specialty publications. Industry advertising involves dedicated messaging to travel agents in trade magazines and online mediums.

Our marketing and advertising efforts are used to aid new or existing routes, build brand and product awareness, connect with both leisure and business travel audiences, increase sales during non-peak times and support key partnerships. These efforts also include working with local, regional, national and international outlets, as well as partnering with car rental, hotel and major tourist attraction companies to reach both potential and existing guests and support our marketing objectives across our entire network.

In October 2016, Canadian Business magazine ranked Canada’s top brands based on a national survey of Canadians and rated WestJet number three in Canada. WestJet was the only airline to appear in the rankings and this represents the fifth consecutive year that WestJet has finished in the top three.

WestJet 2016 Annual Information Form | 18
Financing Arrangements

The following is a list of our significant financing arrangements that are currently outstanding at the date of this AIF.

On March 11, 2013 we entered into an $820 million loan agreement with Export Development Canada (EDC) for the purchase of Q400 aircraft. Under the loan agreement, we are charged a non-refundable commitment fee of 0.2 per cent per annum on the undisbursed portion of the loan. As at the date of this AIF, the undisbursed portion of the loan is $192.6 million. Availability of any undrawn amount expires on December 31, 2018. The expected amount available for each aircraft is up to 80 per cent of the net price with a term to maturity of up to 12 years, repayable in quarterly instalments, including interest at a floating or fixed rate, determined at the inception of the loan.

The terms of the EDC financings discussed above adhere to the Aircraft Sector Understanding (ASU) that was adopted by a number of participating Organisation for Economic Cooperation and Development countries on September 1, 2011. The ASU sets forth rules applying to government export credit support for the purchase and sale of aircraft.

On June 18, 2014, we entered into a credit agreement with a syndicate of banks whereby we initially had access to an unsecured, revolving $250 million syndicated credit facility maturing in June 2017. In March 2015, we increased the credit facility to $300 million and extended the maturity to June 2019, which includes an option to extend the three year term on an annual basis. The credit facility is available for general corporate purposes, including the funding of future aircraft acquisitions. Funds from the revolving credit facility can be drawn by way of: (i) Canadian dollar prime loans, (ii) US dollar base rate loans, (iii) US dollar LIBOR loans, (iv) Canadian dollar bankers’ acceptances, and (v) Canadian or US dollar fronted letters of credit. Interest is calculated by reference to the applicable base rate plus an applicable pricing margin based on our debt rating. We also pay a standby fee for the undisbursed portion of the revolving credit facility. At the date of this AIF, no amounts were drawn on the facility.

On July 23, 2014, we completed a private placement offering of $400 million aggregate amount of 3.287 per cent Senior Unsecured Notes, due July 23, 2019. We used a portion of the net proceeds from the sale of these notes to repay the amounts drawn under our revolving credit facility during the year with the balance used for general corporate purposes, including the funding of aircraft acquisitions.

On January 5, 2016, we entered into an unsecured, non-revolving $300 million four-year term credit facility with a syndicate of banks. The credit facility is available for general corporate purposes, including the funding of future aircraft acquisitions. Funds from the credit facility can be drawn by way of Canadian dollar prime loans or Canadian dollar bankers’ acceptances. Interest is calculated by reference to the applicable base rate plus an applicable pricing margin based on our corporate BBB-debt rating. The credit facility contains two financial covenants: (i) minimum pooled asset coverage ratio of 1.5 to 1, and (ii) minimum fixed charge coverage ratio of 1.25 to 1. On December 11, 2015 we entered into an interest rate swap agreement to fix the interest rate at 2.757 per cent over the four year term of the facility. On January 7, 2016, we drew the full $300 million available under the term facility using Canadian dollar bankers’ acceptances.

On June 16, 2016, we successfully completed the private placement of the US-Dollar Notes. The US-Dollar Notes bear interest of 3.50 per cent per year with semi-annual interest payments on June 16 and December 16 of each year commencing on December 16, 2016 and will mature on June 16, 2021. These US-Dollar Notes rank senior in right of payment to all future subordinated debt, rank equally in right of payment with all our other existing and future unsecured unsubordinated debt, but are effectively subordinate to all of our existing and future secured debt to the extent of the value of the assets securing such debt. The net proceeds from the sale of these US-Dollar Notes are being used for general corporate purposes and the funding of future aircraft purchases.

Concurrently with the issuance of the US-Dollar Notes, the Corporation entered into fixed US dollar to fixed Canadian dollar uncollateralized cross-currency interest rate swap agreements to mitigate our exposure to future cash flow fluctuations in the Canadian to US dollar exchange rate attributable to the notional and interest portions of the US-Dollar Notes. The US$400.0 million notional amount at 3.50 per cent interest per annum was exchanged for $511 million Canadian dollars at a 3.56 per cent weighted average interest rate per annum through the cross-currency swaps.

Safety

At the core of our safety focus are our operational safety and occupational health and safety management systems (SMS and OHSMS). Canada was a leader in introducing SMS through regulation to Canada’s air carriers in 2005.
Since 2005, we have worked in conjunction with Transport Canada to develop and grow our SMS to where it is today; an organized set of programs, principles, processes and procedures to manage operational risks at the forefront of airline safety management. Our SMS integrates human, technical and financial resources to achieve the highest level of safety through a focus on proactive risk management and quality management processes. However, it is our employees’ daily commitment to our core safety values that ensures our excellent safety performance.

Our SMS also provides internal oversight of our safety programs and provides our leadership teams with a mechanism for the continuous independent evaluation and improvement of our safety performance.

In accordance with regulatory requirements, we have a comprehensive SMS in place that is supported by the following six components:

1. safety management plan;
2. documentation;
3. safety oversight;
4. training;
5. quality assurance; and
6. emergency response (ER) plan.

We have a Safety, Health and Environment Committee (SH&E), which is one of the committees of the Board of Directors. This committee provides direction, monitors compliance and makes recommendations to the Board to enhance corporate performance as it relates to safety, health and environmental principles.

We also have a department dedicated towards facilitating safety activities within WestJet. This department works closely with all operational departments and is responsible for identifying and demonstrating conformance to our airline’s safety, security and quality objectives that meet or exceed our regulatory commitments.

Airline operational safety and injury prevention programs are reviewed monthly by the Safety Management Committee (SMC), which is chaired by our Transport Canada Accountable Executive, (the President and Chief Executive Officer) and is comprised of senior leaders from all departments. All critical safety functions are under the oversight of our Executive team, which establishes the overall safety policy and tracks and approves safety and risk control initiatives.

As a regulated component of our SMS, our ER plan is at the forefront of caring for our guests and employees. This commitment to our guests is not only evident throughout our operations but is the founding principle of our emergency response preparedness. Our ER plan is all about doing the right thing to support our guests, WestJetters and their families during an incident.

Effective emergency preparedness requires a strong corporate commitment to ongoing ER training. Formal training for ER team members is provided in classroom and online training environments and is reinforced through the use of mock exercises designed to test and continually improve our readiness. The ER team leads and coordinates our company-wide preparedness, including the development and maintenance of more than 140 ER checklists and the design and delivery of ER training.

Safety awareness is one of our most effective tools in keeping guests and WestJetters safe. In addition to the specialized training for our safety team members, all WestJet employees are required to complete annual online training to broaden awareness and understanding about our SMS and OHSMS programs.

We have also invested in the latest aircraft equipment that increases safety, systems reliability and aircraft efficiency. The Boeing 737 NG aircraft, with its industry-leading technology, is well suited for our operations. In addition to the economic and environmental benefits of operating the Boeing 737 NG, there are many safety enhancements that it provides with its high level of technology.

One feature of the Boeing 737 NG aircraft that we have implemented to enhance safety is Required Navigational Performance (RNP) capability. RNP combines the capabilities of global positioning systems (GPS) and automated flight management to allow the aircraft to follow complex lateral and vertical approach paths to any runway. Using RNP capabilities, our Boeing 737 NG aircraft is better able to safely navigate through a tighter corridor in the sky during takeoff, land safely in more extreme
weather conditions and fly safely around various terrains. WestJet has introduced and maintains RNP procedures at numerous airports across Canada and utilizes Federal Aviation Administration RNP approaches in the U.S.

Like the Boeing 737 NG aircraft, we have chosen to configure the Boeing 767 for RNP operations and received authorization to utilize the RNP capabilities. The redundancy of safety features on the Boeing 767 enables it to have one of the lowest landing limit capabilities in the industry, allowing us to land in more inclement weather as compared to other airlines.

Safety and reliability were some of the key considerations in the selection of the Q400 aircraft for WestJet Encore. Complementing the high standard of safety features and technologies already present on the Q400 aircraft, we expect to further enhance next-generation approach capabilities, through the implementation of RNP capabilities, on all our Q400 aircraft in the near future.

Our flight simulator training is another key component of our flight safety standards. We have four in-house Boeing 737 NG flight simulators that support over 1,400 pilots that fly our 600, 700 and 800 series Boeing 737 NG aircraft. Additionally, during the year we acquired two in-house Q400 simulators that support our 400 pilots flying the Q400 aircraft operated by WestJet Encore. Our flight simulator training assists us in ensuring that the highest standards of safety are continuously maintained and also allows us to deliver this training in a cost effective manner. Our Boeing 767 flight simulator training is currently provided by Pan Am International Flight Academy based in Miami.

We are an International Air Transport Association (IATA) Operational Safety Audit (IOSA) registered and compliant airline. IOSA is an internationally recognized and accepted evaluation system designed to assess the operational, management and control systems of an airline and the worldwide safety standard for code-share agreements. Maintaining this safety compliance and participating in IOSA supports our current focus on developing new airline alliances.

By following a SMS and being an IOSA registered airline, WestJet’s Quality Assurance Program requires the performance of independent Operational Safety Audits (OSA) to ensure on going compliance with Transport Canada Regulations and IATA standards and identify opportunities for improvement. The OSAs are conducted by our Safety Evaluations and Quality team on a two year rolling program.

WestJet and WestJet Encore are recognized by the Alberta and British Columbia workers’ compensation boards as Certificate of Recognition certified companies, which recognizes our best-practice in OHSMS. We continue to place employee safety at the forefront by implementing best-practice guest transfer systems and policies and internally developed solutions to support safety across all operational groups. The Occupational Health & Safety policy committee focuses on active system program policy and implementing departmental specific injury prevention strategies. Further, over 250 occupational health and safety representatives across our domestic operations are committed to identifying and mitigating local hazards through their workplace committees to keep our WestJetters and guests safe.

Our SMS and OHSMS ensure a systematic approach to managing safety, including the necessary organizational structures, accountability, policies and procedures. Both WestJet and WestJet Encore move in parallel with the evolution and continuous improvement of our safety culture, programs and standards. Both WestJet and WestJet Encore share the same Transport Canada Accountable Executive and operate under the oversight of our Board of Directors and SH&E Committee who are responsible for ensuring a consistently safe and dependable experience across all our aircraft.

Through the integrated safety programs that comprise our SMS and OHSMS and the advanced safety systems on our aircraft, we strive to maintain the highest level of safety in our operations.

Environment

Many aspects of airlines’ operations are subject to increasingly stringent environmental regulations, and growing concerns about climate change may result in the imposition of additional regulation particularly with respect to greenhouse gas emissions. Numerous jurisdictions around the world have implemented or announced measures to put a price on carbon emissions as a means to deal with climate change. Certain of these measures cover the airline industry or may do so in the future. We are committed to continuing to work with the Canadian federal government in support of the development of aviation emissions policies on a global scale. We recognize and advocate for the International Civil Aviation Organization as the appropriate body to set a framework for a global sector approach on reducing aviation emissions.

In 2012, the Canadian aviation industry and the federal government agreed on a voluntary Action Plan to reduce greenhouse gas emissions from aviation in Canada. The Action Plan contributes to Canada’s broader climate change policies. The Action Plan signatories include the National Airline Council of Canada (representing WestJet, Air Canada, Jazz and Air Transat), the
Air Transport Association of Canada, Nav Canada, the Aerospace Industries Association of Canada, the Canadian Business Aviation Associations, the Canadian Airport Council and Transport Canada.

Under the auspices of the International Civil Aviation Organization, member countries in 2016 reached agreement on developing an emission offset program to place a price on international aviation emissions as of 2020. Canada has formally stated it will adopt the program. Domestically, the Canadian federal and certain provincial governments have adopted or are developing emissions policies that impose a tax or emissions trading scheme on carbon emissions from fuel. The impact to us and our industry from such actions is likely to be adverse and could be significant, particularly if regulators were to conclude that emissions from commercial aircraft cause significant harm to the upper atmosphere or have a greater impact on climate change than other industries. We may be directly exposed to such measures and we may not be able to recover the cost of compliance with new or more stringent environmental laws and regulations from our guests, which could adversely affect our business.

WestJet is committed to growing responsibly and ensuring that we are an environmentally sustainable airline. We recognize that as our operations grow, it is inevitable that our environmental footprint does as well. We take care of the environment by committing to meet the requirements of environmental regulations, implement environmental management processes that control and minimize our environmental impacts and continuously improve our environmental performance through regular evaluations in accordance with our environmental policy.

Our significant investments in fleet and technology have greatly improved our aircraft fuel efficiency and ability to operate our business more cost effectively. The Boeing 737 NG aircraft has significantly improved our fuel efficiency over our original Boeing 737-200 series aircraft. With the addition to our fleet of the Q400 in 2013 and Boeing 737 MAX starting in 2017, we expect further fuel efficiencies and a further relative reduction in greenhouse gas emissions.

We also support the Air Transport Action Group’s ambitious goals of a cumulative global average improvement in fuel efficiency of 1.5 per cent per year through to 2020, carbon-neutral growth from 2020, and a reduction in CO₂ emissions of 50 per cent by 2050 as compared to 2005 levels.

We work to manage and mitigate our environmental risk by ensuring that all reasonable precautions have been taken in our operations to minimize environmental incidents from happening. This includes integrating our environmental management system into operations, interacting with governments on various environmental policies such as emissions and sustainable alternative jet fuels and reporting on our environmental performance to our leadership and Board of Directors.

To date, environmental laws and regulations have not had a material adverse effect on our business or our financial condition. However, changes in government laws and regulations are ongoing and may make environmental compliance increasingly expensive. Additionally, concerns about the environmental impacts of air travel and tendencies towards "green" travel initiatives where guests reduce their travel activities, could have the effect of reducing demand for air travel in Canada and abroad and could materially adversely impact our business.

We are not able to predict future costs which may be incurred in order to comply with future environmental regulations.

**REGULATORY ENVIRONMENT**

In addition to legislation and regulations applicable to most corporations operating in Canada, the airline industry is also subject to additional legislation and regulations.

**Domestic**

(i)  *The Aeronautics Act and the Canada Transportation Act*

In Canada, civil air transportation, including the establishment of aviation policy, the establishment of maintenance and operations standards, safety, and the provision of ground and airways infrastructure, rests wholly within federal government jurisdiction and is the responsibility of the Minister of Transport (the Minister). The *Aeronautics Act* (Canada), including the applicable regulations, standards, policies and measures made thereunder, is the principle legislation through which the Government of Canada regulates the aviation industry. It gives the Minister the authority to certify air carriers as being adequately equipped and capable of conducting safe operations. Pursuant to the *Aeronautics Act* (Canada), we obtained our air operator certificate, which allows us to operate a commercial air service.
The *Canada Transportation Act* (the CTA) is the legislation pursuant to which the Canada Transportation Agency (the Agency) regulates certain aspects of transportation industries in Canada, including the air transport industry. The Agency provides oversight and enforcement of the CTA and applicable regulations, orders and measures.

The CTA requires that holders of licenses to operate an air service in Canada be Canadian, controlled in fact by Canadians and at least 75 per cent of their voting interests be owned and controlled by Canadians (as defined in the CTA). In 2005, we amended our Articles to create a class of Variable Voting Shares to be held by persons who are not Canadian, limiting their aggregate voting interests, as a class, to 25 per cent of all voting interests at any time. Refer to the heading *Capital Structure* for further information on how our voting structure meets the requirements of the CTA.

Commencing January 1988, the deregulation of the airline industry in Canada allowed carriers to establish airfares and conditions of carriage without government regulation, making it easier for new airlines to start up and for existing ones to expand. The principle of free market entry under the CTA is presently limited only by the requirements that the carrier be Canadian, as defined in the CTA, that it hold an operating certificate, that it operate Canadian certified aircraft and that it is suitably insured.

In February 2009, legislation was introduced in Parliament to amend the CTA and allow for the creation of regulations stipulating that different classes of non-Canadians would be permitted to own up to 49 per cent of the voting interests of a Canadian air carrier. In 2014 the Canadian federal government commenced a review of transportation policy and the CTA which was completed and made public in the first quarter of 2016. In late 2016, the federal government announced that it will increase the foreign ownership limit in respect of Canadian air carriers to 49 per cent in order to expand domestic competition in the airline industry, and that it will introduce new passenger rights legislation to establish formal obligations for air carriers. Additional policy initiatives are anticipated from the review. It is expected the government will introduce legislation in 2017 on these various issues; however, at this time we are unable to predict what the final policy outcomes will be and what impact, if any, these changes will have on our business and operations.

The Agency has commenced a Regulatory Modernization Initiative which has four phases: (1) accessible transportation; (2) air transportation; (3) consumer protection for air travellers; and (4) rail transportation. The Agency plans to complete consultations and draft modernized regulations by the end of 2017, and implement the regulations in 2018. At this time we are unable to predict what the final policy outcomes will be and what impact, if any, these changes will have on our business and operations.

Laws relating to data collection on guests and employees for security purposes and counterbalancing privacy legislation have increased costs of operations. Any material changes that add additional requirements for collecting, processing and filing data with, or otherwise reporting data to, government agencies may adversely impact our business.

**(ii) Competition Act**

The Canadian airline industry is subject to Canada’s Competition Act. This federal statute is designed to maintain and encourage competition in Canada in order to, among other objectives, promote the efficiency and adaptability of the Canadian economy and provide consumers with competitive prices and product choices. The Competition Act sets out criminal penalties for the most egregious forms of anti-competitive conduct, such as naked agreements between competitors to fix prices, allocate markets, and control the production or supply of products, while other anti-competitive conduct is subject to a civil regime which generally requires evidence that, among other things, competition is likely to be prevented or lessened substantially.

WestJet has created a Competition Law Compliance Policy.

**(iii) Canadian Air Transport Security**

The *Canadian Air Transport Security Act* (Canada) was brought into force in April 2002, and established the Canadian Air Transport Security Authority (CATSA). CATSA is mandated to take actions, either directly or through screening contractors, for the screening of persons accessing aircraft or restricted airport areas, including their carry-on possessions and baggage. CATSA is also responsible for other air transport security functions as the Minister might assign to it from time to time. In connection with providing security functions, CATSA is entitled to enter into agreements with the RCMP for the provision of services, including services on aircraft. Airport authorities are required to maintain, free of charge, such space as CATSA may require in the airport facility to conduct its security operations.
The Aeronautics Act (Canada) establishes the framework under which aviation security regulations and security measures are developed and adopted. Under the Canadian Aviation Security Regulations, the Minister is entitled to make rules in the form of Orders and Measures prescribing security measures applicable to CATSA and air carriers, among others. Extensive security and screening measures for airlines and airports have been enacted and updated under the Security Screening Order, Air Carrier Security Measures and Aerodrome Security Measures. These constitute the minimum security standards to be implemented by CATSA, air carriers and airport operators.

(iv) The Security Charge

The Air Traveller's Security Charge Act (Canada) (the Security Charge Act) was brought into force in March 2002. The Security Charge Act stipulates that issuers of tickets are obligated to collect, as agent and trustee for the Government of Canada, a security charge (Security Charge). We are required to file monthly returns, with respect to each preceding month, detailing prescribed information with respect to Security Charge collections and to pay that amount to the Government of Canada.

(v) Airport and Air Navigation Charges

Since the privatization of Canada’s major airports in 1992 under the Airport Transfer (Miscellaneous Matters) Act (Canada), and air navigation services in 1996 under the Civil Air Navigation Services Commercialization Act (Canada), Canada’s major airports and Nav Canada, Canada’s air navigation services provider, have been authorized to charge and collect fees from airlines for various airport and air navigation improvements and services.

(vi) Consumer Legislation

From time to time legislation is introduced in Parliament dealing with consumer issues impacting the travelling public. Such legislation can seek to impose financial penalties on carriers for such things as flight delays, tarmac delays, overbooking, advertising practices, etc. Currently in Canada consumer rights are being upheld through the application of the carrier’s legally binding terms and conditions of carriage, or tariffs. On January 2, 2013, the Minister issued Air Transportation Regulations – Air Services Price Advertising requirements, which requires Canadian airlines to disclose all fees, taxes and surcharges associated with flight ticket prices as one all-in price. In late 2016, the federal government announced that it will introduce new passenger rights legislation to establish formal obligations for air carriers. It is anticipated the legislation will be introduced in 2017. At this time we are unable to predict what the final policy outcomes will be and what impact, if any, these changes will have on our business and operations.

In the United States, the DOT has imposed certain passenger protection provisions with respect to tarmac delays and related consumer protection provisions applicable to non-U.S. carriers. During 2016, the DOT established a committee to develop a proposed rule concerning accommodations for air travellers with disabilities to improve the accessibility of lavatories on single-aisle aircraft and of in-flight entertainment. The committee is comprised of a DOT official and representatives of airlines, persons with disabilities, flight attendants, aircraft manufacturers, motion picture studios, and other interested parties. The DOT plans to issue a notice of proposed rulemaking based on this agreement in July 2017. At this time we are unable to predict what impacts, if any, these proposed rules will have on our business and operations.

Through our expansion into the European Community, we are now exposed directly to Regulation (EC) 261/2004 of the European Parliament and of the Council which came into effect on February 17, 2005. The aim of the Regulation is to establish common rules on compensation and assistance to passengers in the following situations: denied boarding, cancellation, delay and downgrading. We must also comply with Regulation (EC) No. 1107/2006 which addresses the rights of disabled persons and persons with reduced mobility when travelling by air. This legislation came into effect in full on July 26, 2008.

(vii) Aircraft Financing Legislation

In 2005, the Government of Canada enacted the International Interests in Mobile Equipment (Aircraft Equipment) Act (Canada)) (the CTC Act), in order to ratify and implement the Cape Town Convention and Aircraft Protocol (together, the CTC) in respect of financing aircraft and aircraft engines. Some, but not all, provisions of the CTC Act were proclaimed in 2005. In 2006, the Government of Alberta enacted the International Interests in Mobile Equipment Act (Alberta) (the Alberta CTC Act), to deal with implementation of the provincial law aspects of the CTC.

In December of 2012, the Jobs and Growth Act (Canada), among other things, amended the CTC Act to provide for ratification and implementation of the CTC Act in Canada on April 1, 2013. The Alberta CTC Act also took effect on April 1, 2013.
The CTC Act, by simplifying the enforcement by creditors against aircraft, and establishing an international system for the registration of security interests in aircraft and engines, has materially increased the efficiency, and reduced the costs, of financing aircraft and engines for airlines around the world, including for the Canadian airline industry.

(viii) Wet Lease Policy

During 2013, a Wet-Lease Policy was issued by the Minister. This Policy guides the Agency’s consideration of wet-lease applications where Canadian air carriers propose to enter into wet-lease arrangements of more than 30 days duration with foreign air carriers to provide international passenger services.

Wet-leasing is a practice in the aviation industry whereby one air carrier (the lessee) obtains aircraft and flight crew from another carrier (the lessor) to operate services offered pursuant to the former’s (the lessee’s) licence. The lessor is in operational control of the flights while the lessee is in commercial control of the flights. This practice is subject to Agency oversight. This policy does the following:

- maintains Canadian safety and security standards;
- imposes a cap of 20 per cent of a Canadian carrier’s fleet that can be wet-leased from a foreign company for periods of more than 30 days;
- requires reciprocity for Canadian airlines seeking opportunities in other jurisdictions;
- allows some flexibility for Canadian airlines to meet Canadians’ seasonal demand for air travel; and
- promotes a stable and predictable operating environment for the Canadian aviation industry by providing clear limits on the use of wet-leasing.

International and Transborder

International scheduled air services are regulated by the national governments involved. International route rights are obtained through bilateral negotiations between Canada and foreign countries. Bilateral agreements provide for the rights that may be exercised over an agreed routing and the conditions under which the airlines may operate, including, among others, the number of airlines that may operate, the capacity and flight frequencies that may be provided, and the controls over tariffs to be charged. Many bilateral agreements to which Canada is a party are subject to Agency oversight.

Under the Open Skies Agreement, the Canadian government may designate as many carriers as it wishes to service U.S. destinations. Prior to commencing service, a designated airline must make an application to U.S. government authorities. The appropriate authorizations and permissions are required to be granted by such authorities with minimal procedural delay, provided Canadian ownership requirements, qualifications under laws normally applicable to international air transportation, and safety and aviation security requirements under the Open Skies Agreement are met by the airline. No restrictions as to capacity, frequency or aircraft size are imposed under the Open Skies Agreement. Designated airlines may, at their option, combine two or more points in the U.S. in a through service. However, the ability of foreign domiciled airlines to carry new guests between domestic points in another country is prohibited in Canada and the U.S.

On November 11, 2005, as a result of negotiations between Canada and the U.S., the Canadian government announced amendments to the Open Skies Agreement. While the 1995 Open Skies Agreement created an open system for air services between the two countries, certain restrictions remained in place. The most significant amendment from the November 2005 negotiations involves the introduction of Fifth Freedom Rights, which refer to the right of an air carrier to carry guest traffic from one country to and from any third country on any flight originating, traversing or ending in its home country. The ability for a Canadian carrier to take advantage of this right requires equivalent rights from the third country. The amendments agreed to in the November 2005 negotiations came into force on March 12, 2007.

In addition to the Open Skies Agreement, we continue to engage with the federal government as it seeks to expand existing or establish new bilateral air agreements with other nations.
The Agreement on Air Transport between Canada and the European Union and its Member States was signed on December 18, 2009, with administrative application immediately enabled. On January 14, 2010, the Agency granted designation for all Canadian air carriers to offer scheduled air services to the European Union from Canada. While licensing requirements still have to be met for both contracting parties, this grants us access for direct owned aircraft or code-share services from Canada to all 28 member states of the European Union. Following the decision in 2016 by the United Kingdom to ultimately exit the European Union, it is unknown what implications this will have on the Canada-EU bilateral agreement, if any, and on our business and operations.

**Code-Share Agreements**

As we enter into code-share agreements with foreign carriers, a foreign carrier’s domestic regulator often requires that safety and operational audits be carried out on the code-share partner before code-share flights can formally commence. It may be necessary, on a case-by-case basis, for us to undertake such audits by foreign carriers in order to demonstrate regulatory compliance for code-share implementation. The audit requirements can vary from country to country.

**CAPITAL STRUCTURE**

**General**

Our capital structure consists of an unlimited number of Common Voting Shares; an unlimited number of Variable Voting Shares; an unlimited number of Non-Voting Shares, issuable in series (Non-Voting Shares); an unlimited number of First Preferred Shares, issuable in series (First Preferred Shares); an unlimited number of Second Preferred Shares, issuable in series (Second Preferred Shares); and an unlimited number of Third Preferred Shares, issuable in series (Third Preferred Shares) (the First Preferred Shares, Second Preferred Shares and Third Preferred Shares are collectively referred to as the Preferred Shares).

At March 15, 2017, 117,202,760 Voting Shares are issued and outstanding, consisting of Common and Variable Voting Shares as fully paid and non-assessable. No Non-Voting Shares or Preferred Shares have been issued. There are no current plans to issue Non-Voting Shares or any class or series of Preferred Shares.

On May 8, 2015, the Corporation filed a notice with the TSX to make a normal course issuer bid to purchase outstanding shares on the open market (2015 bid). As approved by the TSX, the Corporation was authorized to purchase up to 2,000,000 Common Voting Shares and Variable Voting Shares (representing approximately 1.6 per cent of the Corporation’s issued and outstanding shares at the time of the 2015 bid) during the period May 13, 2015 to May 12, 2016, or until such time as the bid was completed or terminated at the Corporation’s option. The filing was subsequently amended to increase the maximum number of shares authorized for repurchase to 4,000,000 shares as approved by the TSX on July 28, 2015 and to 6,000,000 shares as approved by the TSX on February 1, 2016. All shares purchased under the 2015 bid were purchased on the open market at the prevailing market price at the time of the transaction and were subsequently cancelled. The 2015 bid expired on May 12, 2016, with the Corporation having purchased and cancelled 5,348,121 of the 6,000,000 authorized shares.

On May 16, 2016, the Corporation filed a notice with the TSX to make a normal course issuer bid to purchase outstanding shares on the open market (2016 bid). As approved by the TSX, the Corporation is authorized to purchase up to 4,000,000 Common Voting Shares and Variable Voting Shares (representing approximately 3.3 per cent of the Corporation’s issued and outstanding shares as of April 30, 2016) during the period May 18, 2016 to May 17, 2017, or until such time as the 2016 bid is completed or terminated at the Corporation’s option. Any shares purchased under the 2016 bid are purchased on the open market through the facilities of the TSX at the prevailing market price at the time of the transaction. Common voting shares and variable voting shares acquired under this bid are cancelled. At March 15, 2017, 3,806,828 shares have been repurchased under the 2016 bid with 193,172 remaining available for repurchase.

Our shareholders may obtain a copy of the notice filed with the TSX in relation to the 2016 bid, free of charge, by contacting our Corporate Secretary at 22 Aerial Place N.E., Calgary, Alberta T2E 3J1 (telephone: (403) 444-2600) or by emailing legal@westjet.com.

Effective as of February 18, 2016, our Common Voting Shares and Variable Voting Shares trade on the TSX under a single ticker designated ‘WJA’ and are designated for purposes of trading on the TSX and reporting in brokerage accounts under the single designation of “Variable Voting and Common Voting Shares” of WestJet. This change, which has allowed the demand and liquidity for both classes of shares on the TSX to be consolidated under a single ticker, improves the liquidity of the Variable Voting Shares, which have historically had lower trading volumes. The trading of Common Voting Shares and Variable
Constraints

Under Canadian law, non-Canadian ownership and control of airline voting shares is limited to 25 per cent of the entity’s issued and outstanding voting shares. To reduce inconveniences in buying and selling WestJet Common Voting Shares and to ensure our continuous compliance with the requirement to qualify as Canadian, we introduced a Variable Voting Share structure into our capital structure, which was approved by shareholders at a special meeting held on August 30, 2005.

Common Voting Shares may only be beneficially owned and controlled directly or indirectly by Canadians. Any Common Voting Share beneficially owned or controlled directly or indirectly by a person who is not a Canadian shall be automatically and without any further act of us or the holder, converted to a Variable Voting Share. Variable Voting Shares may only be beneficially owned or controlled directly or indirectly by non-Canadians.

The holders of Variable Voting Shares and Common Voting Shares vote together at any meeting of shareholders and no separate meeting is held for these classes of shares, unless it is to address a matter specific to a class.

We have adopted certain by-laws and procedures to address monitoring and enforcement of ownership requirements established by the CTA and our Articles. In particular, our shareholders approved By-Law No. 2005-1, which sets out general powers of the Board of Directors to enact procedures regarding the issuance, transfer and holding of Voting Shares, power to require declarations regarding ownership status of persons holding Voting Shares and various enforcement provisions regarding Canadian ownership. In addition, we have adopted certain monitoring procedures to ensure compliance with our Articles and by-laws and the maintenance of ownership levels required under the CTA. These procedures establish that our transfer agent will make periodic inquiries of intermediaries holding Voting Shares for non-registered holders to ensure compliance with share holding ownership requirements.

When used in describing our share capital, Canadian has the meaning currently defined in subsection 55(1) of the CTA, being a Canadian citizen or a permanent resident within the meaning of subsection 2(1) of the Immigration and Refugee Protection Act (Canada), a government in Canada or an agent of such a government or a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled, in fact, by Canadians and of which at least 75 per cent, or such lesser percentage as the Governor in Council may by regulation specify, of the voting interests are owned and controlled by Canadians.

Proposed Change to Restriction on Foreign Ownership

On November 3, 2016, the Minister announced the federal government’s plans to increase the foreign ownership limit for Canadian commercial airlines from 25 per cent to 49 per cent, with no single foreign investor, or its affiliates, allowed to hold more than 25 per cent voting interest. We are unable to predict the final form such regulations will take, the timing for their enactment, or the potential effect on WestJet’s Articles, by-laws and policies. See The Aeronautics Act and the Canada Transportation Act on page 23 for additional details.

Potential Constraints under the ABCA

Our Articles provide that in the event any Canadian federal or provincial legislation applicable to our Company is prescribed which implements additional constraints on the Voting Shares, in addition to those described herein, the Articles and the provisions applicable to the Voting Shares set forth therein shall be read as if they included such additional constraints that assist our Company to qualify under such prescribed law to receive licenses, permits, grants, payments or other benefits by reason of attaining or maintaining a specified level of Canadian ownership and control and such specified level of Canadian ownership and control shall be the level of Canadian ownership and control designated by such prescribed law of Canada or a province. The implementation of any such Canadian federal or provincial legislation may have an effect on the voting rights or ownership restrictions applicable to the Voting Shares, and in particular may have an adverse effect on holders of Variable Voting Shares.
Exemptive Relief from Take-Over Bid and Early Warning Rules

On September 21, 2012, we received an exemption to treat our Variable Voting Shares and Common Voting Shares as a single class for the purposes of applicable take-over bid requirements and early warning reporting requirements contained under Canadian securities laws. Pursuant to an application by our Company, the securities regulatory authorities in each of the provinces of Canada granted exemptive relief (the Decision) from (i) applicable formal take-over bid requirements, as contained under Canadian securities laws, such that those requirements would only apply to an offer to acquire 20 per cent or more of the outstanding Variable Voting Shares and Common Voting Shares of our Company on a combined basis, and (ii) applicable early warning reporting requirements, as contained under Canadian securities laws, such that those requirements would only apply to an acquiree the acquiree that acquires or holds beneficial ownership of, or control or direction over, 10 per cent or more of the outstanding Variable Voting Shares and Common Voting Shares of our Company on a combined basis (or five per cent in the case of acquisitions during a take-over bid), and (iii) applicable alternative monthly reporting requirements, as contained under Canadian Securities laws, such that eligible institutional investors may meet the eligibility criteria for alternative monthly reporting by calculating their security holdings using a denominator comprised of all outstanding Common Voting Shares and Variable Voting Shares on a combined basis, and a numerator including all of the Common Voting Shares or Variable Voting Shares, as the case may be, beneficially owned or controlled by the institutional investor. A copy of the Decision is available on SEDAR at sedar.com.

The Decision takes into account our dual class shareholding structure that was implemented to ensure compliance with the foreign ownership requirements of the CTA. An investor does not control or choose which class of our shares it acquires and holds. The class of shares ultimately available to an investor is only a function of the investor's status as a Canadian or non-Canadian (as defined under the CTA). The relatively small number of Variable Voting Shares (the share class for non-Canadians) outstanding prior to the Decision, absent the Decision, may have limited the ability of non-Canadians to acquire shares of our Company in the ordinary course without the apprehension of inadvertently triggering the take-over bid rules or early warning reporting requirements.

Common Voting Shares

Constraints on Share Ownership

The Common Voting Shares may only be beneficially owned and controlled by Canadians.

Exercise of Voting Rights

The holders of Common Voting Shares are entitled to receive notice of and to attend and vote at all meetings of our shareholders, except those at which holders of a specific class are entitled to vote separately as a class under the ABCA. Each Common Voting Share confers the right to one vote at all shareholder meetings.

Dividends

Subject to the rights, privileges, restrictions and conditions attached to any class of our shares ranking prior to the Common Voting Shares, holders of Common Voting Shares are entitled to receive any dividends declared by our Board of Directors at the times and for the amounts that may, from time to time, be determined. The Common Voting Shares, Variable Voting Shares and Non-Voting Shares rank equally as to dividends on a share-for-share basis. All dividends declared shall be declared in equal or equivalent amounts per share on all Common Voting Shares, Variable Voting Shares and Non-Voting Shares then outstanding, without preference or distinction.

Rights in the Case of Liquidation, Winding-Up or Dissolution

Subject to the rights, privileges, restrictions and conditions attached to any class of shares ranking prior to the Common Voting Shares, in the case of liquidation, dissolution or winding-up of our Company, the holders of Common Voting Shares, Variable Voting Shares and Non-Voting Shares shall be entitled to receive our remaining property and are entitled to share equally, share for share, in all distributions of such assets.

Conversion

Subject to the foreign ownership restrictions in the CTA, each issued and outstanding Common Voting Share shall be converted into one Variable Voting Share, automatically and without any further act by us or the holder, if such Common Voting Share is or becomes owned or controlled by a person who is not a Canadian.
In the event that an offer is made to purchase Variable Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Variable Voting Shares are then listed, to be made to all or substantially all the holders of Variable Voting Shares, each Common Voting Share shall become convertible at the option of the holder into one Variable Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Common Voting Shares for the purpose of depositing the resulting Variable Voting Shares pursuant to the offer and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to the provisions concerning the voting rights for Common Voting Shares notwithstanding their conversion. Our transfer agent shall deposit the resulting Variable Voting Shares on behalf of the holder.

Should the Variable Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by the holder or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Variable Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on our part or on the part of the holder, to Common Voting Shares.

The Common Voting Shares may not be converted into Variable Voting Shares, or vice-versa, other than in accordance with the conversion procedure set out in our Articles.

**Variable Voting Shares**

**Constraints on Share Ownership**

Variable Voting Shares may only be beneficially owned or controlled by non-Canadians.

**Exercise of Voting Rights**

Each Variable Voting Share entitles the holder to receive notice of, to attend and vote at all meetings of our shareholders, except those at which the holders of a specific class are entitled to vote separately as a class under the ABCA.

Variable Voting Shares carry one vote per Variable Voting Share held, except where (i) the number of outstanding Variable Voting Shares exceeds 25 per cent of the total number of all issued and outstanding Common Voting Shares and Variable Voting Shares, including securities convertible into such Common Voting Shares and Variable Voting Shares and currently exercisable options and rights to acquire such Common Voting Shares and Variable Voting Shares or such convertible securities (or any higher percentage that the Governor in Council may specify pursuant to the CTA), or (ii) the total number of votes cast by or on behalf of the holders of Variable Voting Shares at any meeting exceeds 25 per cent (or any higher percentage that the Governor in Council may specify pursuant to the CTA) of the total number of votes that may be cast at such meeting.

If either of the above-noted thresholds is surpassed at any time, the number of votes attached to each Variable Voting Share will decrease automatically without further act or formality to equal the maximum permitted vote per Variable Voting Share. Under the circumstances described in (i) in the immediately preceding paragraph, the Variable Voting Shares as a class cannot carry more than 25 per cent (or any higher percentage that the Governor in Council may specify pursuant to the CTA) of the aggregate of the voting rights attached to all issued and outstanding Common Voting Shares and Variable Voting Shares, including securities convertible into such Common Voting Shares and Variable Voting Shares and currently exercisable options and rights to acquire such Common Voting Shares and Variable Voting Shares or such convertible securities. Under the circumstances described in (ii) in the immediately preceding paragraph, the Variable Voting Shares as a class cannot, for a given shareholders’ meeting, carry more than 25 per cent (or any higher percentage that the Governor in Council may specify pursuant to the CTA) of the total number of votes that can be exercised at the meeting.

If the total number of votes cast by or on behalf of the holders of Variable Voting Shares on any matter on which a vote is to be taken at a shareholders’ meeting exceeds 25 per cent (or any higher percentage that the Governor in Council may specify pursuant to the CTA) of the aggregate votes that may be cast on such matter, the number of votes attached to each Variable Voting Share will decrease automatically and proportionately such that the total votes attached to the Variable Voting Shares cast on the matter shall not exceed 25 per cent of the aggregate votes.
The constraints described above do not apply to Variable Voting Shares held by a non-Canadian by way of security only, subject to compliance with certain requirements set forth in our Articles, or to Variable Voting Shares held by one or more underwriters solely for the purpose of distributing the Common Voting Shares or Variable Voting Shares to the public, or by any person acting in relation to the Common Voting Shares or Variable Voting Shares solely in its capacity as an intermediary in the payment of funds or the delivery of securities, or both, in connection with trades in securities and that provides centralized facilities for the clearing of trades in securities.

**Dividends**

Subject to the rights, privileges, restrictions and conditions attached to any other class of our shares ranking prior to the Variable Voting Shares, the holders of Variable Voting Shares are entitled to receive any dividends that are declared by our Board of Directors at the times and for the amounts that may, from time to time, be determined. The Variable Voting Shares rank equally with the Common Voting Shares and the Non-Voting Shares as to dividends on a share-for-share basis. All dividends must be declared in equal or equivalent amounts per share on all Variable Voting Shares, Common Voting Shares and Non-Voting Shares then outstanding, without preference or distinction.

**Rights in the Case of Liquidation, Winding-Up or Dissolution**

Subject to the rights, privileges, restrictions and conditions attached to the other classes of our shares ranking prior to the Variable Voting Shares, in the case of liquidation, dissolution or winding-up, the holders of Variable Voting Shares, Common Voting Shares and Non-Voting Shares shall be entitled to receive our remaining property and shall be entitled to share equally, share-for-share, in all distributions of such assets.

**Conversion**

Each issued and outstanding Variable Voting Share shall be automatically converted into one Common Voting Share, without any further intervention on our part or the holder, if (i) the Variable Voting Share is or becomes beneficially owned and controlled by a Canadian; or if (ii) the provisions contained in the CTA relating to foreign ownership restrictions are repealed and not replaced with other similar provisions in applicable legislation.

In the event that an offer is made to purchase Common Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares are then listed, to be made to all or substantially all the holders of Common Voting Shares in a given province of Canada to which the requirement applies, each Variable Voting Share shall become convertible at the option of the holder into one Common Voting Share at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Variable Voting Shares for the purpose of depositing the resulting Common Voting Shares pursuant to the offer, and for no other reason, including notably with respect to voting rights attached thereto, which are deemed to remain subject to the provisions concerning voting rights for Variable Voting Shares notwithstanding their conversion. Our transfer agent shall deposit the resulting Common Voting Shares on behalf of the holder.

Should the Common Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by the holder or not be taken up by the offeror, or should the offer be abandoned or withdrawn, the Common Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on our part or on the part of the holder, into Variable Voting Shares.

Variable Voting Shares may not be converted into Common Voting Shares, and vice-versa, other than in accordance with the conversion procedure set out in our Articles.

**Non-Voting Shares**

The Non-Voting Shares may be issued, from time to time in one or more series, each series consisting of such number of Non-Voting Shares as determined by our Board of Directors who may also fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Non-Voting Shares. There are no Non-Voting Shares issued and outstanding.

**Constraints on Voting**

Except as provided in our Articles or the ABCA, the holders of Non-Voting Shares are not entitled to vote.
Dividends

The Non-Voting Shares, the Common Voting Shares and the Variable Voting Shares rank equally as to dividends on a share-for-share basis.

Rights in the Case of Liquidation, Winding-Up or Dissolution

Subject to the rights, privileges, restrictions and conditions attaching to any other class of our shares ranking prior to the Non-Voting Shares, in the case of liquidation, dissolution or winding-up of our Company or other distribution of our assets among our shareholders for the purpose of winding-up our affairs, the holders of Non-Voting Shares, Common Voting Shares and Variable Voting Shares shall be entitled to receive the remaining property of our Company and shall be entitled to share equally, share for share, in all distributions of such assets.

Conversion

Except as described below, the Non-Voting Shares do not have any conversion rights attached thereto.

In the event that an offer is made to purchase Common Voting Shares or Variable Voting Shares, as the case may be, and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares or Variable Voting Shares, as the case may be, are then listed, to be made to all or substantially all the holders of Common Voting Shares or Variable Voting Shares, as the case may be, and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching thereto. The offer to purchase the Non-Voting Shares must be unconditional, subject to the exception that the offer for the Non-Voting Shares may contain a condition to the effect that the offeror not be required to take up and pay for Non-Voting Shares tendered in response to the offer if no shares are purchased pursuant to the contemporaneous offer for the Common Voting Shares or the Variable Voting Shares, as the case may be.

If (i) Common Voting Shares or Variable Voting Shares, as the case may be, resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the offeror; or (ii) the offer is abandoned or withdrawn by the offeror or the offer otherwise expires without such Common Voting Shares or Variable Voting Shares, as the case may be, being taken up and paid for, the Common Voting Shares or Variable Voting Shares, as the case may be, resulting from the conversion will be re-converted into Non-Voting Shares and a share certificate representing the Non-Voting Shares will be sent to the holder by our transfer agent. Common Voting Shares or Variable Voting Shares, as the case may be, resulting from the conversion and taken up and paid for by the offeror shall be re-converted into Non-Voting Shares at the time the offeror is required under the applicable securities legislation to take up and pay for such shares.

In the event that the offeror takes up and pays for the Common Voting Shares or Variable Voting Shares, as the case may be, resulting from conversion, our transfer agent shall deliver to the holders thereof the consideration paid for such shares by the offeror.

There will be no right to convert the Non-Voting Shares into Common Voting Shares or Variable Voting Shares, as the case may be, in the following cases:

a. the offer to purchase Common Voting Shares or Variable Voting Shares, as the case may be, is not required under applicable securities legislation or the rules of a stock exchange on which the Common Voting Shares or Variable Voting Shares, as the case may be, are then listed to be made to all or substantially all holders of Common Voting Shares or Variable Voting Shares, as the case may be, who are in a province of Canada to which the legislation applies, that is, the offer is an exempt takeover bid within the meaning of the foregoing securities legislation; or

b. an offer to purchase Non-Voting Shares is made concurrently with the offer to purchase Common Voting Shares or Variable Voting Shares, as the case may be, and the two offers are identical in respect of price per share, percentage of outstanding shares for which the offer is made, and in all other material respects, including in respect of the conditions attaching thereto. The offer to purchase the Non-Voting Shares must be unconditional, subject to the exception that the offer for the Non-Voting Shares may contain a condition to the effect that the offeror not be required to take up and pay for Non-Voting Shares tendered in response to the offer if no shares are purchased pursuant to the contemporaneous offer for the Common Voting Shares or the Variable Voting Shares, as the case may be.
The conversion of Non-Voting Shares to Common Voting Shares or Variable Voting Shares, as the case may be, as contemplated above is subject to certain procedures and formalities, which are described in our Articles, as amended, dated May 4, 2011 and are available under our corporate profile on SEDAR at sedar.com.

Preferred Shares

Issuable in Classes and Series

We may issue Preferred Shares from time to time in any class and in any series as the Board of Directors may determine. The Board of Directors may also fix the designations, rights, privileges and conditions attaching to the Preferred Shares of each class and series. The holders of Preferred Shares are not entitled to vote, except as provided for in the ABCA.

Priority

The Preferred Shares of each class and each series, with respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of our Company, whether voluntary or involuntary, or any other distribution of our assets among our shareholders for the purpose of winding-up our affairs, rank on a parity with the Preferred Shares of every other series in its class and are entitled to preference over the Voting Shares, the Non-Voting Shares and any other shares of any other class ranking junior to such class of Preferred Shares. The First Preferred Shares rank in priority to the Second Preferred Shares and the Third Preferred Shares, and the Second Preferred Shares rank in priority to the Third Preferred Shares.

Credit Ratings

As of the date of this AIF, our ‘BBB’ long-term corporate credit rating with a stable outlook from S&P, originally received in the first quarter of 2014, and our ‘Baa2’ senior unsecured notes rating with a stable outlook from Moody’s, received on May 2, 2016, remain in good standing.

An issuer rating is a forward-looking opinion about an issuer’s overall creditworthiness that focuses on the issuer’s capacity to meet their financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. The issue rating reflects S&P and Moody's view of our capacity to meet our financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default. Issuer ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default.

An obligor rated BBB by S&P has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. Similarly, an obligation rated BBB by S&P exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The BBB rating is the fourth strongest rating of the 10 ratings available in both the long-term issuer and long-term issue categories. The assignment of a “+” or “-” rating to the categories “AA” to “CCC” identifies relative standing within the major rating categories.

Under the credit rating methodology utilized by Moody’s, an obligor rated Baa2 is judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody’s appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The Baa rating is the fourth strongest of the 9 ratings available in the credit risk categories. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Credit ratings are not recommendations to buy, sell or hold our securities and do not address the market price or suitability of a specific security for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely in the future if circumstances so warrant.

We have paid service fees to S&P and Moody's in connection with our assigned long-term issuer credit rating and with respect to the long-term issue ratings of our Senior Unsecured Notes and US-dollar Notes and expect to continue to pay service fees for the foreseeable future for ongoing credit rating services. Except for these credit rating service fees just described, we do not currently make any other payments to S&P, Moody’s, or any other credit rating agency for any other services.
DIVIDEND

Our dividend is reviewed on a quarterly basis in light of our financial position, financing policies, cash flow requirements and other factors deemed relevant. The declaration, amount and payment of future dividends will be subject to the discretion of our Board of Directors, and to restrictions under applicable law.

Prior to November 2, 2010, no dividends were paid or declared on any of our shares.

The following table sets forth the per share amount of dividends we declared to shareholders during the last three fiscal years:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Voting Shares</td>
<td>$0.56</td>
<td>$0.56</td>
<td>$0.48</td>
</tr>
<tr>
<td>Variable Voting Shares</td>
<td>$0.56</td>
<td>$0.56</td>
<td>$0.48</td>
</tr>
</tbody>
</table>

Our Board of Directors declared and paid a quarterly dividend of $0.14 per Voting Share for each quarter in 2016. On February 6, 2017, our Board of Directors declared our 2017 first quarter dividend of $0.14 per Voting Share.

MARKET FOR SECURITIES

Effective February 18, 2016, the Common Voting Shares and the Variable Voting Shares started trading on the TSX under the single ticker WJA. Prior to that date, the Common Voting Shares and Variable Voting Shares traded on the TSX under their respective symbols WJA and WJA.A. This change was limited solely to the administration of the trading of the Common Voting Shares and the Variable Voting Shares on the TSX and no amendments were required or made to WestJet’s Articles.

The following table lists the high and low market prices and trading volume of our Common Voting Shares and Variable Voting Shares for the periods indicated, with such information being presented on a combined basis under “Common Voting Shares” beginning on February 18, 2016:

<table>
<thead>
<tr>
<th></th>
<th>Common Voting Shares</th>
<th>Variable Voting Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TSX: WJA</td>
<td>TSX: WJA.A</td>
</tr>
<tr>
<td>2016</td>
<td>High ($)</td>
<td>Low ($)</td>
</tr>
<tr>
<td>January</td>
<td>20.85</td>
<td>17.59</td>
</tr>
<tr>
<td>February</td>
<td>19.19</td>
<td>14.67</td>
</tr>
<tr>
<td>March</td>
<td>20.71</td>
<td>17.23</td>
</tr>
<tr>
<td>April</td>
<td>22.44</td>
<td>19.31</td>
</tr>
<tr>
<td>May</td>
<td>23.73</td>
<td>19.63</td>
</tr>
<tr>
<td>June</td>
<td>23.66</td>
<td>20.38</td>
</tr>
<tr>
<td>July</td>
<td>23.32</td>
<td>20.66</td>
</tr>
<tr>
<td>August</td>
<td>24.98</td>
<td>22.77</td>
</tr>
<tr>
<td>September</td>
<td>24.66</td>
<td>22.65</td>
</tr>
<tr>
<td>October</td>
<td>23.25</td>
<td>21.82</td>
</tr>
<tr>
<td>November</td>
<td>23.23</td>
<td>20.59</td>
</tr>
<tr>
<td>December</td>
<td>23.80</td>
<td>20.52</td>
</tr>
</tbody>
</table>
DIRECTORS AND EXECUTIVE OFFICERS

The following information relating to the current Directors and Executive Officers is based partly on our records and partly on information received from each Director or Executive Officer, as applicable, and sets forth the name, residence, age, positions and offices held at WestJet, the year in which he or she was first elected a Director, as applicable, the number of Voting Shares held in our Company and certain additional background information. All Directors are elected for a one year term at the annual general meeting held in May and are subject to re-election each year.

Our Directors and Executive Officers, as a group, own, directly or indirectly, or exercise control or direction over, 1,185,008 (approximately one per cent) of our Voting Shares at December 31, 2016. Information as to Voting Shares beneficially owned, controlled or directed, directly or indirectly, and not within our knowledge has been supplied by the respective individuals and is provided at December 31, 2016, unless otherwise stated.

Board of Directors

The following is a list of our Directors at March 15, 2017:

<table>
<thead>
<tr>
<th>Name</th>
<th>Areas of Expertise</th>
<th>Age</th>
<th>Residence</th>
<th>Director since</th>
<th>Independent</th>
<th>Position</th>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLIVE J. BEDDOE</td>
<td>Airline industry, Management</td>
<td>70</td>
<td>Calgary, Alberta, Canada</td>
<td>Jun. 21, 1995</td>
<td>Independent</td>
<td>Chair</td>
<td>Mr. Clive Beddoe is the Chair of the Board of WestJet, President of The Hanover Group of Companies, a private investment company, the Chair of the Board of SQI Diagnostics, a publicly-traded diagnostics company. Mr. Beddoe, a successful entrepreneur, brings to WestJet a strong background in financial planning and strategic management. Mr. Beddoe was a private pilot and had been licensed to fly numerous types of aircraft. It was through this keen interest in aircraft that he became involved with the formation of WestJet. Mr. Beddoe served as President of WestJet until September 2006 and the Chief Executive Officer of WestJet until September 2007. On February 10, 2009, Mr. Beddoe relinquished his role as Executive Chairman of WestJet in favour of acting solely as Chair of the Board. Mr. Beddoe has been the recipient of honorary degrees from the University of Calgary and Wilfred Laurier University and was appointed the 2010/2011 Jarislowsky Resident Fellow in Business Management at the Haskayne School of Business at the University of Calgary. In 2012, Mr. Beddoe was inducted into the Canadian Business Hall of Fame and, in 2013, was inducted into the Calgary Business Hall of Fame.</td>
</tr>
<tr>
<td>BRAD ARMITAGE</td>
<td>Airline industry</td>
<td>47</td>
<td>Halifax, Nova Scotia, Canada</td>
<td>Feb. 6, 2017</td>
<td>Non-Independent</td>
<td>Non-Independent</td>
<td>Mr. Brad Armitage is the Chair of the WestJet Employee Association. He first joined WestJet in 2011 as a Customer Service Agent and in 2012 he joined the employee association as a representative in Halifax, Nova Scotia. Mr. Armitage has been an active member of WEA, last holding the position of Secretary before his appointment to Chair in January 2017. Prior to WestJet, he worked mainly in federal and provincial politics, advising on the political and economic climate of Nova Scotia, as well as working within the party system on policy and organization. Mr. Armitage attended Dalhousie University, Nova Scotia Community College and Université Sainte-Anne, and is currently enrolled in the Industrial Relations program at Queens University.</td>
</tr>
</tbody>
</table>
### HUGH BOLTON

**Areas of Expertise:**
- Accounting
- Corporate finance
- Corporate governance

**Age:** 78  
Edmonton, Alberta, Canada  
**Director since:** Aug. 2, 2005  
**Independent**

Mr. Hugh Bolton is a Chartered Professional Accountant and Fellow of the Chartered Professional Accountants of Alberta (CPA Alberta), and the former Chairman and Chief Executive Partner of Coopers & Lybrand Canada, Chartered Accountants. Mr. Bolton is currently the non-executive Chair of the Board of Directors of EPCOR Utilities Inc., (an energy and energy-related services provider, not publicly traded). He is a former board member of Teck Resources Limited, Capital Power Corporation, Canadian National Railway Company, TD Bank Financial Group, and Matrikon Inc.

Mr. Bolton received his Bachelor of Arts in Economics from the University of Alberta. In 2006, he was made a Fellow of the Institute of Corporate Directors (Canada). In 2010 he received a “Lifetime Achievement Award” from CPA Alberta and in 2015 he received an Honorary Doctor of Laws degree from the University of Alberta.

Voting Shares: 5,000

### RON A. BRENNEMAN

**Areas of Expertise:**
- Retail business
- Management
- International business

**Age:** 70  
Calgary, Alberta, Canada  
**Director since:** Sept. 8, 2009  
**Independent**

Mr. Ron Brenneman is a corporate director since 2010 and was Executive Vice-Chairman of Suncor Energy Inc. (an integrated energy company) from August 2009 until February 2010. He was President and Chief Executive Officer of Petro-Canada from January 2000 until August 2009. Prior to joining Petro-Canada in 2000, he spent more than 30 years with Imperial Oil Ltd. and its parent company Exxon Corporation. Mr. Brenneman also serves on the boards of Scotiabank (a schedule I bank), Ithaca Energy Inc. (an oil and gas operator) and BCE Inc. (a telecommunications company).

Mr. Brenneman holds a B.Sc. (in chemical engineering) from the University of Toronto and a M.Sc. (in control systems) from the University of Manchester.

Voting Shares: 50,000

### CHRISTOPHER BURLEY

**Areas of Expertise:**
- Banking
- Accounting
- Management
- Corporate Finance

**Age:** 55  
Calgary, Alberta, Canada  
**Vice Chair**  
**Director since:** Sept. 21, 2015  
**Independent**

Mr. Christopher Burley is the Vice Chairman of the Board of Directors of WestJet. He is a Director of Potash Corporation of Saskatchewan (a fertilizer company) where he is Chair of the Audit Committee and is the former Non-Executive Chairman of Parallel Energy Inc., the administrator of Parallel Energy Trust (an oil and gas producer). He spent over two decades in the investment banking industry and was Managing Director and Vice Chairman, Energy at Merrill Lynch before his retirement in 2008.

Mr. Burley has a Bachelor of Science degree with a certificate of Honours Standing (Geophysics) and a Masters of Business Administration degree from the University of Western Ontario. He is a graduate of the Institute of Corporate Directors Education Program and holds the ICD.D designation.

Voting Shares: 20,000
| BRETT GODFREY | Areas of Expertise:  
Airline industry  
Accounting  
Management  
Age: 53  
Clayfield, Queensland, Australia  
Director since: Aug. 22, 2006  
Independent  
Mr. Brett Godfrey is the co-founder and former Chief Executive Officer of Virgin Blue (now Virgin Australia), a publicly listed airline. He has worked for various Virgin Group airlines, starting in the early 1990’s with Virgin Atlantic as its Finance Manager. In 1997, he was appointed Chief Financial Officer of Virgin Express, before launching Virgin Blue, an airline he conceptualized and implemented in 2000 and retired from 10 years later. Mr. Godfrey is a board member of Auckland International Airport.  
Mr. Godfrey holds a business degree from Victoria University and is a Chartered Accountant. He was awarded the Australian Centenary Medal for his service to tourism and aviation, was recognized as the Australian Chief Executive of the Year by the Customer Service Institute of Australia, and the Outstanding Chartered Accountant in Business by the Australian Institute of Chartered Accountants.  
Voting Shares: 16,097 |
| --- | --- |
| ALLAN W. JACKSON | Areas of Expertise:  
Corporate governance  
Banking  
Real estate  
Management  
Compensation  
Age: 76  
Calgary, Alberta, Canada  
Director since: Jul. 30, 2003  
Independent  
Mr. Allan Jackson is currently the Executive Chairman and Chief Executive Officer of Arci Ltd. (a private real estate investment company) and President and Chief Executive Officer of Jackson Enterprises Inc. (a private holding and consulting company). Mr. Jackson is the former Chair of the board of directors for Canadian Western Bank (a Schedule I Bank) and previously served as a director of Princeton Developments Ltd. (a private real estate development and management company).  
Mr. Jackson received his Bachelor of Arts (Honours) in Business Administration from the University of Western Ontario.  
Voting Shares: 25,000 |
| S. BARRY JACKSON | Areas of Expertise:  
Compensation  
Management  
Oil & gas  
Corporate governance  
Age: 64  
Calgary, Alberta, Canada  
Director since: Feb. 24, 2009  
Independent  
Mr. Barry Jackson is a corporate director and former President, Chief Executive Officer and a director of Crestar Energy Inc. (an oil and gas exploration and production company). Mr. Jackson is the Chair of TransCanada Corporation (an energy infrastructure company) and TransCanada PipeLines Limited. In addition to his public company directorships, Mr. Jackson is also a director of Laricina Energy Ltd (a private oil and gas exploration and production company). He has worked in the oil and gas industry since 1974 and held senior executive positions with Northstar Energy Corporation and Crestar.  
Mr. Jackson has a Bachelor of Science degree in Engineering from the University of Calgary and is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. He has served on the boards of several public companies and was made a Fellow of the Institute of Corporate Directors in 2010.  
Voting Shares: 10,000 |
**L. JACQUES MÉNARD, C.C., O.Q.**

| Age: 71 | Montréal, Québec, Canada |
| Director since Aug. 3, 2011 | Independent |

**Areas of Expertise:**
- Investments
- Accounting
- Corporate finance
- Corporate governance

Mr. Jacques Ménard is the current Chairman of BMO Nesbitt Burns, an investment advisory and wealth management firm, and President of BMO Financial Group, Québec (a highly diversified financial services organization). He currently sits on several boards including Stingray Digital Group Inc. (a publicly traded music and in-store media solutions provider), Claridge Inc., the Montréal Symphony Orchestra and is the Chairman of Montréal International. He is the former Chairman of Hydro-Québec, the Investment Dealers Association of Canada and was co-chair of the Federal Task Force on Financial Literacy.

Mr. Ménard is a graduate of Collège Sainte-Marie, holds a Bachelor of Commerce from Loyola College and a Master of Business Administration from the University of Western Ontario. He has received honorary doctorates from Concordia University, York University, the Université de Montréal, McGill University, Université du Québec and the Université de Sherbrooke. Mr. Ménard is a Companion of the Order of Canada and an Officer of the Order of Québec.

Voting Shares: 10,000

**JANICE RENNIE**

| Age: 59 | Edmonton, Alberta, Canada |
| Director since: Aug. 3, 2011 | Independent |

**Areas of Expertise:**
- Investments
- Accounting
- Compensation
- Corporate governance

Ms. Janice Rennie currently sits on the board of Major Drilling Group Inc. (a drilling services company), Methanex Corp. (a methanol producer), and West Fraser Timber Co. Ltd. (an integrated forestry company). She has held senior management positions with a number of companies including, most recently, EPCOR Utilities Inc. where she served as Senior Vice-President of Human Resources and Organizational Effectiveness. Prior to 2004, Ms. Rennie was Principal of Rennie & Associates, which provided investment and related advice to small and mid-sized companies.

Ms. Rennie holds a Bachelor of Commerce from the University of Alberta and is a Fellow of CPA Alberta. In 2012, Ms. Rennie was made a Fellow of the Institute of Corporate Directors (Canada).

Voting Shares: 6,500
<table>
<thead>
<tr>
<th><strong>GREGG SARETSKY</strong></th>
<th><strong>KAREN SHERIFF</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age:</strong> 57</td>
<td><strong>Age:</strong> 59</td>
</tr>
<tr>
<td>Calgary, Alberta,</td>
<td>Toronto, Ontario,</td>
</tr>
<tr>
<td>Canada</td>
<td>Canada</td>
</tr>
<tr>
<td><strong>Director since:</strong> Apr. 1, 2010</td>
<td><strong>Director since:</strong> January 13, 2016</td>
</tr>
<tr>
<td><strong>Non-Independent</strong></td>
<td><strong>Independent</strong></td>
</tr>
</tbody>
</table>

Mr. Gregg Saretsky was appointed President and CEO of WestJet on April 1, 2010. He joined WestJet in June 2009 as Vice-President of WestJet Vacations, before being named Executive Vice-President, Operations, for WestJet in October 2009. Mr. Saretsky began his career in aviation with Canadian Airlines in 1985 as a route development planner and rose through the ranks to the position of Vice-President, Airports, and Vice-President, Marketing, before joining Alaska Airlines in 1998 as Senior Vice-President, Marketing & Planning. He also served as Executive Vice-President of Flight Operations and Marketing, responsible for the airline’s flight crews, operations, and consumer programs and activities.

Mr. Saretsky holds a Master's Degree in Business Administration from the University of British Columbia. In 2012, Mr. Saretsky was named Alberta’s Business Person of the Year by Venture Magazine and in 2013 Mr. Saretsky was named top new CEO by Canadian Business magazine. In July 2016, he was named one of Alberta’s 50 Most Influential People for 2016 by Alberta Venture magazine. Mr. Saretsky currently sits on the Board of alumni/UBC as well as the Conference Board of Canada.

**Voting Shares:** 137,753

Ms. Karen Sheriff is the former President and CEO of Q9 Networks Inc. (a data centre operator). Prior to her role at Q9, she was President and CEO of Bell Alliant from 2008 to 2014, following more than 9 years in senior leadership positions at BCE Inc. Ms. Sheriff is also a director of the Canada Pension Plan Investment Board. Early on in her career, Ms. Sheriff spent over 10 years at United Airlines, in the areas of Marketing and Strategy.

Ms. Sheriff holds a Master’s Degree in Business Administration, with concentrations in Marketing and Finance, from the University of Chicago. She was named one of Canada’s top 25 Women of Influence for both 2013 and 2014 by Women of Influence Inc. In 2012, she was named Woman of the Year by the Canadian Women in Communications and has been recognized as one of Atlantic Canada’s Top 50 CEOs by Atlantic Business Magazine and one of Canada’s Top 100 Most Powerful Women on multiple occasions.

**Voting Shares:** 5,000
## Executive Officers

The following is a list of our Executive Officers at March 15, 2017, other than Mr. Gregg Saretsky, President and Chief Executive Officer, who is included under the heading Board of Directors.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Experience</th>
<th>Voting Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>HARRY TAYLOR</td>
<td>Executive Vice-President, Finance and Chief Financial Officer</td>
<td>WestJet 1 year; Industry 1 year</td>
<td>19,041</td>
</tr>
<tr>
<td></td>
<td>Calgary, Alberta, Canada</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mr. Harry Taylor joined WestJet as EVP, Finance and CFO in October 2015. He is responsible for the overall financial management of WestJet, its financial reporting and long-term financial planning, as well as for multiple corporate functions including audit and advisory, controllership, investor relations, procurement and materials, treasury and tax. Before joining WestJet, Mr. Taylor spent more than 20 years in retail and consumer packaged goods. He held senior finance and operating leadership roles with Canadian Tire Corporation, Holt Renfrew, Home Depot, and Frito-Lay in both Canada and the United States. Mr. Taylor began his career in professional services, serving clients for McKinsey &amp; Company for five years and Ernst &amp; Young for three years. Mr. Taylor earned a Bachelor of Commerce degree from Trinity College, University of Toronto in 1983, a Chartered Accountant designation from Chartered Professional Accountants of Ontario in 1985 and a Master of Business Administration from the University of Western Ontario in 1988.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| ROBERT CUMMINGS             | Executive Vice-President, Commercial       | WestJet 12 years; Industry 12 years | 46,717        |
|                             | Calgary, Alberta, Canada                   |                          |               |
|                             | Mr. Bob Cummings, a WestJet Executive Vice-President since August 2006, became EVP, Commercial in June 2015 and is responsible for sales, marketing, communications, network planning and scheduling, revenue management, corporate development, airline partnerships, distribution, digital and WestJet Vacations. Prior to that, he held the title of EVP, Sales, Marketing and Guest Experience and was additionally responsible for the contact center and guest experience planning. Mr. Cummings joined WestJet in March 2005 as Vice-President, Marketing, and quickly mobilized his team to create the Owners advertising campaign, the most successful brand communication platform in WestJet history. Prior to joining WestJet, Mr. Cummings worked for over eight years in the wireless industry in Canada including a one-year position in Romania launching the country’s first mobile phone service. Mr. Cummings was named Canada’s top marketing executive by Canadian Business magazine in 2008. In 2013, Mr. Cummings was named one of the top six marketing executives in the airline industry by the Blue Sky organization. Mr. Cummings achieved his Bachelor of Arts degree in Economics in 1989 from the University of Victoria, followed by a Master’s in Business Administration from Queen's University in 1992. | | |
### MARK PORTER

**Executive Vice-President, People and Culture**  
Calgary, Alberta, Canada

Mr. Mark Porter joined WestJet as EVP, People and Culture in October 2015. Mr. Porter is responsible for overseeing all aspects of WestJet’s People (human resources) department including people relations, labour relations, talent management, organizational development, recruitment, learning and development, total rewards and internal communications and culture.

Prior to coming to WestJet, Mr. Porter spent almost a decade as senior vice-president of human resources with Shaw Communications. Mr. Porter also worked at Molson Canada as the Chief People Officer as well as Bombardier as an aircraft engineer before transitioning into a role in human resources.

Mr. Porter has his higher national diploma in mechanical engineering with postgraduate diplomas in manufacturing management and human resources management from the University of Ulster, Northern Ireland, and his Master of Business Administration in applied general management from the University of Sussex, England. He sits on the volunteer board for Outward Bound Canada which helps underprivileged kids with self-development, leadership and unlocking their true potential.

<table>
<thead>
<tr>
<th>Experience</th>
<th>WestJet 1 year; Industry 17 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voting Shares:</td>
<td>6,919</td>
</tr>
</tbody>
</table>

### BARBARA MUNROE

**Executive Vice-President, Corporate Services and General Counsel**  
Calgary, Alberta, Canada

Ms. Barbara Munroe was named EVP, Corporate Services and General Counsel on November 1, 2016. Ms. Munroe joined WestJet in November 2011 as VP, General Counsel and was promoted to SVP, Corporate Services and General Counsel in June 2015. In her role she is responsible for the airline's legal and compliance function as well as multiple corporate functions including corporate real estate, regulatory, government relations and fuel and environment.

Ms. Munroe began her law career with Blake, Cassels & Graydon, LLP in Calgary before moving to SMART technologies where she led the legal department for eight years in senior roles. She then moved to Imperial Oil for several years where she held roles of senior counsel and assistant general counsel, upstream.

Ms. Munroe obtained her Bachelor of Commerce and Bachelor of Laws degrees from the University of Calgary. She sits on the Crescent Point Energy Corp. board of directors.

<table>
<thead>
<tr>
<th>Experience</th>
<th>WestJet 5 years; Industry 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voting Shares:</td>
<td>12,392</td>
</tr>
</tbody>
</table>
CAMERON KENYON

Executive Vice-President, Operations
Calgary, Alberta, Canada

Mr. Cam Kenyon became WestJet’s Executive Vice-President, Operations in November 2015. In this role, Mr. Kenyon is responsible for WestJet’s Guest Experience Teams (Contact Centre, Airports, and Inflight), Flight Operations (including the Operational Control Center), Technical (Maintenance) Operations, and Continuous Improvement.

Mr. Kenyon joins WestJet from Mountain Aviation in Denver, Colorado, where he continues to serve as Executive Director for the company’s Board of Directors. Prior to Mountain Aviation, he served WestJet in the same role he’s currently in as Executive Vice-President, Operations from 2011 to 2013. Before joining WestJet in 2011, Mr. Kenyon was with Lynx Aviation, a Frontier Airlines’ regional airline in Denver, Colorado, where he served as president and chief operating officer. Prior to Lynx Aviation, Mr. Kenyon held a variety of positions at Frontier Airlines including Director of Flight Operations Training, Chief Pilot, and subsequently Vice-President, Flight Operations, from 2000 to 2008.

Mr. Kenyon graduated from the United States Naval Academy in 1986 where he obtained his Bachelor of Science in Political Science. He obtained his Master of Arts degree in international affairs from American University that same year. Following his graduation, Mr. Kenyon served in the United States Navy from 1986 to 1994 in a variety of positions including pilot training officer, safety officer, mission commander and standardization pilot. He also attended the Aviation Safety Officer School at the Naval Postgraduate School in 1993 and obtained his Juris Doctorate from the University of Colorado School of Law in 1997.

Experience
WestJet 4 years; Industry 16 years

Voting Shares: 22,412

Committees of the Board

The Board has an Audit Committee (Audit), a People and Compensation Committee (P&C), a Corporate Governance and Nominating Committee (CGN) and a SH&E Committee. Each Committee reports to the Board with their recommendations for final approval. The following table sets out committee memberships for all Directors as at March 15, 2017:

<table>
<thead>
<tr>
<th>Committee Members</th>
<th>Audit</th>
<th>P&amp;C</th>
<th>CGN</th>
<th>SH&amp;E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Independent</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saretsky(1)</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Armitage</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td><strong>Independent</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beddoe(2)</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Bolton</td>
<td>Chair</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Brenneman</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Burley</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Godfrey</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>A. Jackson</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Jackson</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ménard</td>
<td>✓</td>
<td></td>
<td>Chair</td>
<td></td>
</tr>
<tr>
<td>Rennie</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sheriff</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

(1) As President and CEO, Mr. Saretsky is not a member of any committee of the Board, but is invited to attend any meeting except those held in camera, sessions for independent Directors only or whenever specifically determined by the committee that the meeting should be closed to the President and CEO.

(2) As Chair of the Board, Mr. Beddoe voluntarily attends all committee meetings.
Conflicts of Interest

There are potential conflicts of interest to which some of the Directors and Officers of our Company will be subject. In connection with our operations, some of the Directors and Officers are engaged in or associated with and will continue to be engaged in or associated with service and supply businesses whose services and products may be utilized by us from time to time. At present, these relationships are immaterial. Conflicts, if any, will be subject to the procedures and remedies as provided for under the ABCA and subject to internal review by the Audit Committee.

Cease-trade, Bankruptcy, Penalties or Sanctions

None of our Executive Officers or Directors is as at the date hereof, or has been in the last 10 years, a director, chief executive officer or chief financial officer of any company (including WestJet) that: (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an Order) that was issued while that person was acting in that capacity; or (b) was subject to an Order that was issued after such Director or Executive Officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as disclosed herein, none of our Executive Officers or Directors is as at the date hereof, or has been in the last 10 years, a director or executive officer of any company (including WestJet) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the company’s assets. In addition, none of our Executive Officers or Directors, has within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Mr. Barry Jackson is a director of Laricina Energy Ltd. (Laricina), a non-public, Calgary based, responsible energy company. Laricina voluntarily entered into the Companies’ Creditors Arrangement Act (CCAA) and obtained an order from the Court of Queen’s Bench of Alberta, Judicial Centre of Calgary for creditor protection and stay of proceedings effective March 26, 2015. Laricina was granted a final court order from the Court of Queen’s Bench of Alberta, Judicial Centre of Calgary on January 28, 2016 exiting from protection under the CCAA and concluding the stay of proceeding against Laricina and its subsidiaries effective upon the filing of a certificate by the Court appointed monitor under the CCAA which occurred February 1, 2016.

Mr. Burley is the former non-executive chairman of the board of Parallel Energy Inc. (Parallel), the administrator of Parallel Energy Trust, a Calgary-based oil and gas producer. On or about November 9, 2015, Parallel filed an application for protection under the CCAA and voluntary petitions for relief under Chapter 11 of the United States Code. In the Chapter 11 proceedings, the Bankruptcy Court approved the sale of the assets of Parallel and the sale closed on January 28, 2016. Mr. Burley resigned from the board of directors of Parallel on March 1, 2016 and subsequently the Canadian entities of Parallel filed for bankruptcy under the Bankruptcy and Insolvency Act on March 3, 2016.

Mr. Beddoe served as a director of Darian Resources Ltd. (Darian), a private company, until his resignation in October 2009. Subsequent to Mr. Beddoe’s resignation, on February 12, 2010, Darian obtained an order under the Companies’ Creditors Arrangement Act. On July 2, 2010, the Court of Queen’s Bench of Alberta issued its final order approving Darian’s Plan of Compromise and Arrangement and the payments to creditors contemplated in the Plan of Compromise have been made.

No Executive Officer or Director has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.
In accordance with its Charter, the primary purpose of the Audit Committee is to assist the Board in fulfilling its responsibilities by overseeing reliable, accurate and clear financial reporting to shareholders and the establishment and maintenance of an adequate and effective system of internal control. Consistent with this purpose, the Audit Committee encourages continuous improvement of, and fosters adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee Charter is attached to this AIF as Appendix A.

Composition of the Audit Committee

The Audit Committee is currently composed of five independent Directors: Mr. Hugh Bolton, Mr. Christopher Burley, Mr. Allan Jackson, Mr. Jacques Ménard and Ms. Janice Rennie. The members of the Audit Committee are all independent and financially literate in accordance with National Instrument 52-110 Audit Committees, and are free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent and objective judgment as a member of the Committee. The Audit Committee met four times during 2016, which meetings included discussions with the auditors in the absence of Management.

Relevant Education and Experience

Mr. Bolton is a Chartered Professional Accountant and Fellow of CPA Alberta, and the former Chairman and Chief Executive Partner of Coopers & Lybrand Canada, Chartered Accountants. Mr. Bolton is a former board member for Teck Resources Limited, Capital Power Corporation, Toronto Dominion Bank, Matrikon Inc and Canadian National Railway. Mr. Bolton is a Fellow of the Institute of Corporate Directors (Canada), a member of the joint Chartered Professional Accountants of Canada (CPA Canada) and Canadian Public Accountability Board Audit Committee Working Group and a member of the CPA Canada Corporate Oversight and Governance Advisory Board.

Mr. Burley is currently the Chairman of the Audit Committee of Potash Corporation of Saskatchewan and is the former Non-Executive Chairman of Parallel Energy Inc., the administrator of Parallel Energy Trust, a publicly traded oil and gas mutual fund trust. He spent over two decades in the investment banking industry and was Managing Director and Vice Chairman, Energy at Merrill Lynch before his retirement in 2008.

Mr. Allan Jackson is currently the Executive Chairman and Chief Executive Officer of Arci Ltd., a private real estate investment company, and President and Chief Executive Officer of Jackson Enterprises Inc., a private holding and consulting company. Mr. Jackson is the former Chair of the board of directors for CWB and previously served as a director and member of the Audit Committee of Princeton Developments Ltd., a private real estate development and management company.

Mr. Ménard is the current Chairman of BMO Nesbitt Burns, an investment advisory and wealth management firm, and President of BMO Financial Group, Québec, a highly diversified financial services organization. He currently sits on several boards including Stingray Digital Group Inc., Claridge Inc., and the Montréal Symphony Orchestra. He is the former Chairman of Hydro-Québec, the Investment Dealers Association of Canada and was co-chair of the Federal Task force on Financial Literacy. Mr. Ménard is also a founding director of the Canadian Public Accountability Board.

Ms. Rennie currently sits on several public company boards and has held senior management positions with a number of companies including, most recently, EPCOR Utilities Inc. where she served as Senior Vice-President of Human Resources and Organizational Effectiveness. Prior to 2004, Ms. Rennie was Principal of Rennie & Associates, which provided investment and related advice to small and mid-sized companies. Ms. Rennie sits on the Audit Committees of West Fraser Timber Co. Ltd., Major Drilling Group International Inc. and Methanex Corp. Ms. Rennie is a Fellow of CPA Alberta. In 2012, Ms. Rennie was made a Fellow of the Institute of Corporate Directors (Canada).

Pre-Approval Policies and Procedures

In accordance with its Charter, the Audit Committee reviews and recommends to the Board for approval and public release the annual and quarterly financial statements and notes thereto, approves the scope and timing of the annual audit by our independent external auditors and reviews and approves the audit plans, activities, staffing and organizational structure of the internal Audit & Advisory department. The Audit Committee also reviews and assesses with the independent external auditors the Corporation's internal control over financial reporting and corporate approval procedures. Audit fees and fees paid to the external auditors for non-audit services are reviewed by the committee quarterly. Non-audit services to be provided to us by our external auditors in excess of five per cent of our annual audit fee must be pre-approved by the Audit Committee.
External Auditor Service Fees

The Audit Committee annually reviews the performance of our external auditors and makes recommendations to the Board regarding our auditors’ appointment and remuneration. The Committee receives reports, reviews audit and review findings, approves audit plans and is apprised of future reporting developments from our external auditors. KPMG LLP serves as our external, independent auditors. In aggregate, fees paid, and payable, to KPMG LLP for the years ended December 31, 2016 and 2015 respectively, are detailed below.

<table>
<thead>
<tr>
<th>Service Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit fees (i)</td>
<td>705,000</td>
<td>725,000</td>
</tr>
<tr>
<td>Audit-related fees (ii)</td>
<td>168,500</td>
<td>110,000</td>
</tr>
<tr>
<td>Tax fees (iii)</td>
<td>12,702</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total (iv)</strong></td>
<td>886,202</td>
<td>835,000</td>
</tr>
</tbody>
</table>

(i) Audit fees relate to professional services rendered in connection with the audit of our annual consolidated financial statements and review of our interim consolidated financial statements.

(ii) Audit-related fees for 2016 were paid for professional services rendered in relation to WestJet’s June 2016 US-dollar note offering, the audit of passenger facility schedules for 2015, and the audits of trust account statements and specified procedures performed on WestJet’s 2015 Quebec sales and 2015 Ontario Travel Agency Sales. Audit-related fees for 2015 were paid for professional services rendered in relation to the audit of passenger facility schedules for 2014, the audits of trust account statements and specified procedures performed on WestJet’s 2014 Quebec sales and 2014 Ontario Travel Agency Sales, and services with respect to financing-related matters.

(iii) Tax fees for 2016 include services with respect to U.S. indirect tax and other various taxation matters.

(iv) Other than as set out under Audit fees, Audit-related fees and Tax fees, no other fees were paid to the Company’s auditors in 2015 or 2016.

MATERIAL CONTRACTS

We have entered into the following material contracts between January 1, 2016 and the date of this AIF:

- a note indenture made as of June 16, 2016 with American Stock Transfer & Trust Company LLC for the private placement offering of US $400 million 3.50 per cent Senior Unsecured Notes (refer to Financing Arrangements on page 19 of this AIF for further information).

Prior to January 1, 2016, we entered into the following material contacts which are still in effect as of the date of this AIF:

- a note indenture made as of July 23, 2014 with CST Trust Company for the private placement offering of $400M 3.287 per cent Senior Unsecured Notes (refer to Financing Arrangements on page 19 of this AIF for further information).

- an $820 million guarantee loan agreement, entered into on March 2013, with EDC for financing support of the purchase of Q400s (refer to Financing Arrangements on page 19 of this AIF for further information).

- an aircraft purchase agreement entered into in September 2013 with Boeing relating to the purchase of 65 Boeing 737 MAX aircraft (refer to Development of the Business, 2013 on page 5 of this AIF for further information).

- an aircraft purchase agreement entered into in June 2012, with Bombardier relating to the purchase of 20 Q400 aircraft and the option for an additional 25 Q400 aircraft.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are party to legal proceedings and claims as well as regulatory actions that arise during the ordinary course of business. It is the opinion of management that the ultimate outcome of these and any outstanding matters will not have a material effect upon our financial position, results of operations or cash flows.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of our Directors or Executive Officers, nor of any nominees for Director or, to our knowledge, any shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10 per cent of our Voting Shares, or any known associate or affiliate of any such persons in any transaction within the three most recently completed financial years or during the current fiscal year, or in any proposed transaction, which has materially affected or is reasonably expected to materially affect us or any of our subsidiaries.
INTERESTS OF EXPERTS

No person or corporation is named as having prepared or certified a statement, report, opinion or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – Continuous Disclosure Obligations by our Company during, or relating to, our most recently completed financial year, and whose profession or business gives authority to the statement, report opinion or valuation made by the person or corporation, other than KPMG LLP, our external auditors. KPMG LLP are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

RISK FACTORS

For a description of the risks factors associated with our Company and inherent in our business refer to the “Risks and Uncertainties” section beginning on page 35 of our MD&A, as filed on SEDAR at sedar.com, which risk factors are incorporated by reference herein.

The risks described therein are not intended to be an exhaustive list of all risks facing our Company. Other risks of which we are not currently aware or which we currently deem immaterial may surface and have a material adverse impact on our business.

PRIVACY

We are subject to privacy laws regarding the collection, use, disclosure and protection of personal information, including guest and employee personal information, including Canada’s federal private sector privacy legislation, the Personal Information Protection and Electronic Documents Act (PIPEDA), which governs the collection, use and disclosure of personal information in the course of commercial activities by a federally regulated business. We have taken steps to develop and maintain a privacy policy and related practices which are designed to meet or exceed the requirements of applicable privacy legislation, primarily focused on PIPEDA, but considering other laws as well. We believe that our privacy policy and practices comply with applicable laws.

We must receive information related to our guests in order to run our business, and our online operations depend upon the secure transmission of information over public networks, including information permitting cashless payments. This information is subject to the risk of intrusion, tampering, and theft. Although we maintain systems to prevent this from occurring, these systems require ongoing monitoring and updating as technologies change, and security could be compromised, confidential information could be misappropriated, or system disruptions could occur. We must also provide certain confidential, proprietary, and personal information to third parties in the ordinary course of our business. While we seek to obtain assurances that these third parties will protect this information, there is a risk the confidentiality of data held by third parties could be breached. A compromise of our security systems could adversely affect our reputation and disrupt our operations and could also result in litigation against us or the imposition of penalties. In addition, any of these issues could be costly to remediate.

TRANSFER AGENT AND REGISTRAR

Canadian Stock Transfer Company Inc., at its principal offices in Calgary, Alberta and Toronto, Ontario, is the transfer agent and registrar for our Common Voting Shares and Variable Voting Shares.
ADDITIONAL INFORMATION

Additional information relating to us may be found on SEDAR at sedar.com. As well, additional information including restrictions on voting securities, Directors’ and Officers’ remuneration and indebtedness, principal holders of securities of our Company, and securities authorized for issuance under equity compensation plans, as applicable, will be contained in our management information circular with respect to the annual meeting of shareholders to be held on May 2, 2017. Additional financial information and discussion of the affairs of our Company is provided in the financial statements for the fiscal period ended December 31, 2016, being the most recently completed annual fiscal period, and the MD&A, which are included in our annual report for the period ended December 31, 2016. A copy of such documents may be obtained from the SEDAR website at sedar.com, our website at westjet.com, or upon request from our Corporate Secretary at our address below.

Shareholders may obtain a copy of the following documents, free of charge, by contacting the Corporate Secretary of WestJet at 22 Aerial Place N.E., Calgary, Alberta T2E 3J1; telephone: (403) 444-2600; or by emailing legal@westjet.com:

- our AIF, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF;
- our comparative financial statements for our most recently completed financial year together with the accompanying report of the auditors and one copy of any of our interim financial statements subsequent to the financial statements for our most recently completed financial year; and
- our management information circular in respect to our most recent annual meeting.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This AIF contains forward-looking information as defined under applicable Canadian securities legislation, including without limitation, with respect to the following:

<table>
<thead>
<tr>
<th>Forward-looking statement</th>
<th>Key assumptions</th>
<th>Heading</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>The installation of the new system and seats across the Boeing 737 NG fleet was scheduled in phased approaches and is estimated to be substantially complete by the end of 2017.</td>
<td>Our current installation schedule will not be impacted by unexpected aircraft scheduling or supplier delays.</td>
<td>Three year history</td>
<td>5</td>
</tr>
<tr>
<td>We expect our aircraft, including the converted options for Q400 purchases, to be delivered in 2017 and 2018.</td>
<td>Boeing and Bombardier will be able to meet our aircraft delivery commitments.</td>
<td>Three year history</td>
<td>6</td>
</tr>
<tr>
<td>We anticipate new Boeing 737 MAX aircraft to be more fuel efficient than our current Boeing 737 NG aircraft, provide cost advantages, and will prove our guests a great guest experience.</td>
<td>Based on Boeing aircraft specifications.</td>
<td>Three year history</td>
<td>7</td>
</tr>
<tr>
<td>We will drive revenue, improve earnings, bring value to our guests and shareholders and reach more of the business traveller segment.</td>
<td>Based on execution of strategic plan with respect to our Westjet Rewards program, IT operations, and the addition of further airline partnerships.</td>
<td>Three year history</td>
<td>7</td>
</tr>
<tr>
<td>We plan to enhance the value proposition of our WestJet Rewards Program by expanding the capability to redeem WestJet dollars on flights operated by additional airline partners.</td>
<td>Based on our strategic plan for our airline partnerships and WestJet Rewards program.</td>
<td>Products and Services</td>
<td>10</td>
</tr>
</tbody>
</table>
We will continue to work closely with the travel industry in North America and Europe and we plan to further expand our relationships with the travel industry as we enter new international and transborder markets.

<table>
<thead>
<tr>
<th>Distribution Methods</th>
<th>14</th>
</tr>
</thead>
<tbody>
<tr>
<td>We plan to deliver technologies that will allow WestJet to extend WestJet Rewards redemption to select airline partners, enhance our online digital channels to bring more self service capabilities to more guests, implement an onboard mobile tablet point of sale system for use by our flight attendants and continue to enhance the reliability and availability of our critical IT airline operations systems.</td>
<td>Technology</td>
</tr>
<tr>
<td>We expect that our needs with respect to check-in, maintenance and administrative office spaces within the airports in our network will be accommodated by the airport authorities to the best of their ability.</td>
<td>Infrastructure</td>
</tr>
<tr>
<td>We expect to receive financing from EDC for up to 80 per cent of the net price for each Bombardier Q400 aircraft.</td>
<td>Financing Arrangements</td>
</tr>
<tr>
<td>We expect to further enhance next-generation approach capabilities, through the implementation of RNP capabilities, on all our Q400 aircraft in the near future.</td>
<td>Safety</td>
</tr>
<tr>
<td>We expect to continue to pay service fees for the foreseeable future for ongoing credit rating services.</td>
<td>Credit Ratings</td>
</tr>
</tbody>
</table>

Based on our current network planning and schedules.
Based on our strategic plan for our IT operations.
Based on airport agreements and ongoing communication with various airport authorities.
Based on airport agreements and ongoing communication with various airport authorities.
Based on our past experience with RNP on our Boeing 737 aircraft and our plan for Q400 RNP implementation
Based on current fee schedules with S&P and Moody’s.

Readers are cautioned that our expectations, estimates, projections and assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking information. Any forward-looking information incorporated by reference from our MD&A, is subject to and should be read in conjunction with the cautionary statement provided in the MD&A and the risks set out under the heading Risks and Uncertainties discussed in our MD&A and other documents we file from time to time with securities regulatory authorities, which are available through the internet on SEDAR at sedar.com or, upon request, without charge from us.
Appendix A
Audit Committee Charter

Purpose

The primary purpose of the Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") in fulfilling its responsibilities by overseeing reliable, accurate and clear financial reporting to shareholders and the establishment and maintenance of an adequate and effective system of internal controls. Consistent with this purpose, the Audit Committee encourages continuous improvement of, and fosters adherence to, the Corporation’s policies, procedures and practices at all levels. The Audit Committee’s primary duties and responsibilities are to:

(a) Serve as an independent and objective party to monitor the Corporation’s financial reporting process and internal controls over financial reporting;
(b) Review and assess the qualifications, independence and audit efforts of the Corporation’s external auditors;
(c) Provide an open avenue of communication among the external auditors, management, the internal auditing department and the Board; and
(d) Report regularly to the Board on significant results of the foregoing activities.

Composition

The Audit Committee shall be comprised of three or more Directors as determined by the Board, all of whom shall be independent and financially literate in accordance with National Instrument 52-110 Audit Committees, and be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent and objective judgment as a member of the Committee. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a Director. The Board may fill vacancies on the Committee by election from among its members who are independent Directors. The Board shall fill any vacancy if the membership of the Committee is less than three Directors.

The Board or, in the event of its failure to do so, the members of the Committee, shall appoint a Chair of the Committee from among the members of the Committee. The President and Chief Executive Officer of WestJet or his or her designate(s) shall be entitled to attend all meetings of the Committee, except those held in camera with independent directors only.

Professional Advice

Each committee member shall have full, free and unrestricted access to management and employees and to the books and records of the Corporation. The Chair of the Committee shall have the authority to engage independent counsel, consultants or other advisors, with respect to any issue or to assist the Committee in fulfilling its responsibilities without consulting or obtaining the approval of any officer of the Corporation and the Corporation shall provide appropriate funding, as determined by the Chair of the Committee, for any advisors employed by the Committee and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Meetings and Administrative Matters

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.
2. The Chair of the Committee shall preside at all meetings of the Committee, unless the Chair of the Committee is not present, in which case the members of the Committee present shall designate from among the members present a chair for purposes of the meeting.
3. A quorum for meetings of the Committee shall be a majority of its members, but not less than two in any event, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
Appendix A
Audit Committee Charter

4. Meetings of the Committee should be scheduled to take place a minimum of four times per year and at such other times as the Chair of the Committee may determine.

5. Agendas, approved by the Chair of the Committee, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

6. The Committee may invite such officers, Directors, employees of WestJet and other external representatives as it may see fit from time to time to attend at meetings of the Committee and assist in the discussion of the matters being considered by the Committee.

7. The Committee will include an in camera session with independent directors only at each Committee meeting.

8. The Committee shall have the right to examine such records of WestJet and interview and secure the support and assistance of such WestJet employees, officers and other external representatives as it deems necessary to discharge its duties and all employees and officers must comply with such requests.

9. Minutes of the Committee will be recorded and maintained and circulated to all members of the Committee as well as Directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board. Additionally, the Chair of the Committee shall present the findings and discussions of any meeting of the Committee to the Board at the meeting of the Board which is immediately subsequent to such meeting of the Committee.

10. Any issues arising from these meetings that bear on the relationship between the Board and management of WestJet should be communicated to the Chair of the Board.

11. The Committee shall refer all recommendations to the Board for approval unless the Committee is herein, or by Board resolution, delegated the authority over a matter.

Responsibilities and Duties

To fulfill its responsibilities and duties the Audit Committee shall:

1. Financial Reporting
   (a) Review with management and the external auditors the annual and quarterly financial statements and notes thereto and recommend to the Board for approval and public release;
   (b) Review with management the annual and quarterly management's discussion and analysis of financial results and operations and recommend to the Board for approval and public release;
   (c) Review with management the quarterly earnings press release and recommend to the Board for approval and public release;
   (d) Review analysis prepared by management, the external auditors and the internal audit department on significant financial reporting issues regarding accounting principles, estimates and judgments made in connection with preparation and presentation of the financial statements;
   (e) Review any litigation, claim or other contingency and any regulatory or government initiative that could have a material effect upon the financial position or operating results of the Corporation and the appropriateness of the disclosure thereof in the documents reviewed by the Committee;
   (f) Review with management and the external auditors the results of the audit and follow up on the status of previous audit recommendations;
   (g) Consider the external auditors' judgments about the quality, consistency and appropriateness of the Corporation's accounting principles as applied in its financial reporting;
Appendix A
Audit Committee Charter

(h) Consider and recommend to the Board significant changes to the Corporation’s auditing and accounting principles, policies and practices as recommended by the external auditors, management, or the internal audit department;

2. Internal Auditors

(a) Review and approve, in consultation with the Chief Financial Officer and the Director, Audit and Advisory Services, the audit plans, activities, staffing and organizational structure of the internal audit department;

(b) Review an executive summary of internal audit reports prepared by the internal auditing department and management’s response;

(c) Confirm an executive summary of internal audit reports is provided to the Board;

(d) Review effectiveness of internal audit function, including compliance with the Institute of Internal Auditors’ Standards for the Professional Practice of Internal Auditing;

(e) Consult regularly with the Director, Audit and Advisory Services without the presence of management;

(f) Review the appointment, replacement or dismissal of the Director, Audit and Advisory Services;

(g) Review and approve, at least every two years, the internal audit department’s charter;

3. External Auditors

(a) Review at least annually the performance of the external auditors and recommend to the Board and the Corporation’s shareholders the retention and, if appropriate, the removal of the external auditors;

(b) Approve the annual audit fees to be paid to the external auditors;

(c) Pre-approve any fees for non-audit services provided by the external auditor which are cumulatively and annually in excess of five per cent of the audit fee (this responsibility may be delegated to the Chair of the Committee with the requirement of reporting such pre-approvals to the Committee at the next scheduled meeting);

(d) Confirm the rotation of the lead audit partner, other audit partners, and if applicable, the audit firm to the extent required by law;

(e) Review and discuss at least annually with the external auditors all significant relationships the external auditors have with the Corporation to determine the external auditors’ independence and objectivity;

(f) Review with the external auditors without the presence of management, any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;

(g) Review and approve, in consultation with the Chief Financial Officer and the external auditors, the audit scope and plan of the external auditors;

(h) Establish clear hiring policies regarding employees and former employees of the present and former external auditors of the Corporation;

(i) Consult regularly with the external auditors without the presence of management, about internal controls and the fullness, accuracy and quality of the Corporation’s financial statements and the appropriateness of the accounting principles used;

(j) Review any significant disagreements among management and the external auditors in connection with the preparation of the financial statements and report to the Board any significant unresolved disagreements;

4. Other Responsibilities

(a) Discuss with management non-audit services greater than $100,000 performed by any accounting firm other than the external auditors (this responsibility may be delegated to the Chair of the Committee);
Appendix A

Audit Committee Charter

(b) Review with the external auditors, management and the internal audit department the extent to which changes to or improvements in accounting principles and practices, previously approved by the Audit Committee have been implemented;

(c) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters and for the confidential, anonymous submission by employees regarding questionable accounting or auditing matters;

(d) Conduct and authorize investigations into any matters within the Committee’s scope of responsibilities;

(e) Determine that adequate policies and procedures are in place to identify, mitigate, monitor and report all significant audit risks on an ongoing, proactive basis;

(f) Assist the Board with the oversight of the Corporation’s compliance with applicable legal, regulatory and government requirements;

(g) Perform any other activities consistent with this Charter, the Corporation’s by-laws and governing law, as the Committee or the Board deems necessary or appropriate;

(h) Confirm that director and officer expense account claims are reviewed at least annually and are approved in accordance with the Corporation’s established policies and processes; and

(i) Confirm annually that all responsibilities outlined in this Charter have been carried out.

Charter Review

The Committee shall review annually this Charter and make recommendations to the Board, of any proposed changes.

Approved, amended and ratified to: October 31, 2016

Last reviewed: October 31, 2016