COVID -19 ROUNDTABLE CALL RECAP

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Les Gombik: Well, good morning, everybody, thank you all for joining us today. My name is Les Gombik and I'm a managing partner with Caldwell. Welcome to our 11th weekly COVID update call. It's starting to feel a lot like Groundhog Day, isn't it? You remember the movie: Bill Murray was caught in this endless loop where he woke up the same way each day and he became frustrated because he couldn't break the loop. He was miserable but then over time, he started to have some fun and he took advantage of all the knowledge gained during that loop and eventually he came out a better person. Well, we've been stuck in this seemingly endless loop for a while now and the nearly 600 board directors and executives who registered for the call today are here to learn from this time as well. Hopefully, we'll come out of this better, too. That's why we run these calls. As executive recruiters, we benefit from knowing a lot of smart people and we love bringing them together for you. In fact, we did some quick math and there are over 2 million employees represented by all of you on the call today. Now, each week we bring you a diverse set of speakers who are leaders like you, learning as they go. The hope is that you can take a few interesting things back to your companies and your communities.

We have three great speakers with us today. Doug Porter, chief economist from BMO will help us understand how things are looking now. Next, we'll hear from Ed Sims, CEO of WestJet, who is going to highlight for how us how the aviation sector is going and what they're doing. And finally, Doug Haughey, board chair at Fortis and lead director at Keyera will share his view from the board perspective. For all the directors on the call right now, you know exactly how Doug is feeling. More meetings than ever, more questions than answers and a bunch of type A personalities around the table that would love to dig in, but are having to balance the long-term strategic refocusing of your companies with walking a tightrope with management who is under enormous pressure of the unknown.

We're going to ask all of you on the call to participate in a couple of polling questions along the way. Now, I encourage you to ask the panelists questions throughout the session using the Q&A button at the bottom of your screen or send me an email or a text and I'll get it to the panelists.

So, let's talk economics. Our first speaker is Doug Porter, the chief economist from BMO. Also known as BMO Harris Bank to our American friends on the call. Doug, we have a lot of questions. We know a lot will depend on how long before we get a vaccine, but that doesn't keep us from hoping you have all the answers for us. What type of letter is the recovery going to be a V, U, W, L, a swoosh? Is it going to get worse before it gets better? Are stock prices is acting rationally? What kind of forecast should we be building into our strategic plans? And by the way, Doug, did I tell you we'd love to have you answer this in all 10 minutes or less. Doug, over to you.

Doug Porter: Thank you, Les. Good morning, everyone. What I'll do is to try to set the economic backdrop over the next 5-10 minutes and keep it fairly high level. Essentially, with many economies beginning to tentatively reopen, I'd say that the economic forecasts have stabilized in recent weeks, but there's still a wide range of views around the consensus that we're now starting to see gel and I would say overall that when we look at some of the consensus or average forecasts, they are still pretty clear downside risks to the typical forecasts you hear out there. We're estimating that Canada's economy will likely contract by about 6% this year. Just to put that in perspective, that's actually about twice as deep a drop as we've seen in any other year in the postwar era. Prior to this, the worst single year for the Canadian economy was 1982 when it fell by just a little bit more than 3%. Now, despite the fact that we're looking at two times as deep a drop as what we've seen in the postwar era, we're actually a little bit above consensus with our minus 6% estimate. The range of estimates I've seen recently among major forecasters is a decline on the order of somewhere between 5% to 9%. Now, we're tentatively calling for the economy to bounce back by almost a symmetrical 6% rebound in 2021. And while that sounds very impressive, that would still leave the economy somewhere between 3% to 4% below its pre-virus trend even by the end of 2021. And again, I would suggest that is based on our relatively optimistic call. And it would also leave the unemployment rate about two to three percentage points higher than where it was before the virus kicked in, again, that's by the end of 2021.

The letter shape of the recovery is probably one of the more common questions we're getting, pretty much from day one when the lockdown began. I've been saying since day one, I don't think that the recovery is going to fit one of the nice neat letter patterns. It's not going to be a V, W, U, L or a Z. First of all, it can't be a V because we went down pretty much straight down, as the economy shut down, I'd been liking it more to an elevator down and we're going to take a staircase back up, not an escalator but a staircase. Because an escalator is too fast. And essentially what I mean by that is each and every industry is going to face a very different recovery pattern. Some will see a V-shaped recovery. They will come back very quickly. Others are likely to struggle for years, absent an effective vaccine. I think a lot of the ones that are going to struggle are quite readily obvious to most of us, pretty much anything related to entertainment, restaurants and travel, we think will struggle for years. Whereas other industries, there's no reason why they can't come back relatively quickly. Things like some forms of retail, construction, parts of manufacturing could come back relatively quickly. So, that's why we call it a staircase. We are going take some steps up on those industries that can come back quickly but it is going to be a relatively long, grinding recovery. Amid that, we're going to continue to run relatively large budget deficits.

And that brings me to the second question we get very often. "You know, we're looking at a humungous budget deficit this year, how can we afford this?" To put it in perspective, some of the more conservative calls for Ottawa's budget deficit this year are on the order of $250 billion. Just as a reminder, before this all began, we were looking at a budget deficit this year, something on the order of $25 to $30 billion. As a share of the economy, $250 billion will be well north of 10% of GDP. Again, to put it in perspective, the very largest budget deficit we have seen in the postwar era back in the early/mid 1980s was a bit more than 8% of GDP. So, this is by far and away the largest budget deficit, even as a share of the economy that we've seen in the postwar era. That kind of a deficit is going to bump up the debt of the government. Before we began, total debt to GDP was just a little bit more than 30% of the economy. We think that by the end of this fiscal year, we're probably looking at total government debt on the order of 44% to 45% of GDP, so a huge step up in a single year. Now that does compare, I would remind it compares to the bad old days in the mid-1990s when we peaked out at about 70% of GDP. So we're still well below then. The other key difference is, of course, we're in a completely different interest rate environment than we were in the mid-1990s, let alone the mid-and-early 1980s. When you think about the bad old days in the 1990s, even then Ottawa was dealing with a 10-year government bond yields on the order of 7% or 8%. As we speak, the 10-year government bond yield in Canada is a little bit less than 0.6%. So, the interest costs, at least for now on this government debt are tiny compared to what they would have been say in the 80s or 90s. In a way, we're actually somewhat fortunate, in so far as you can be fortunate, that this happened in the current interest rate environment. Some have warned these interest rates can't last. But all I will submit to you is the 30-year bond yield is still just a little bit more than 1%. And, you know, that's what investors are willing to lend Ottawa money at or even the US government. They're willing to lend their money for 30 years at just a little bit more than 1% and the market is very wise. I personally don't believe that interest rates are going to flare higher in the next few years and effectively, Ottawa can lock in these borrowing costs for quite an extended period of time. So, the net interest costs on, say on $250 billion of deficit would only be a little more than $1.5 to $2 billion. That's not nothing but it is relatively manageable now. Some might say, "this is effectively a free lunch. How long can this go on for?" I will admit, we can't run $250 billion deficits for long. Eventually, as the economy recovers, that would lead to an inflationary problem. We will need to see those deficits start to come down as the economy reopens and as the economy recovers in the year ahead. But I do think we're likely to be left with budget deficits on the order of 4% to 5% even when this is over.

Finally, the last question I'll address, "Are stocks out of line with this new economic reality we're looking at?" The only thing I would point out is while we've seen a tremendous recovery from the lows that we saw in the in the chaos in mid-March, if you look at global equity measures or even the TSX, we are still down anywhere by 10% to 15% from pre-virus levels and I actually think that's fairly close to appropriate. Yes, we bounced dramatically off the lows. But when you look a global index of stocks, it's still above 15% below its pre-virus trend and to some extent that does capture the new economic reality and the new interest rate reality, because interest rates everywhere, the short-term interest rates have effectively gone to zero. So I think we can argue that the depths that we hit in March were probably over stating the negativity of the medium-term outlook and they were stabilized, definitely, by the aggressive measures that the Fed took to support markets. I think now that we're somewhere between 10% and 20% below our pre-virus levels is about appropriate. And I'll just leave it at that, Les and hand it back to you.

Les Gombik: Thanks, Doug. That's great. And by the way, a little bit later, folks, because we have two Doug's on the line, we'll refer to this Doug as Doug P. Great insights. Let's go to one of our first polling questions for everybody in the audience. The first question that I'd like for you to answer is how long do you personally expect before your company revenues recover to pre-COVID levels: three months or less, between three and six; six and nine; nine and twelve; twelve and twenty four or longer than twenty four or never, our industry is forever changed or our revenues haven't dropped. And by the way, you're the very lucky ones, if that's the case. But take 10 seconds to click on one of those and we'll bring the polling results up at the back end of this session.

Thank you again, Doug. Let's switch gears and move to Ed Sims. So very excited to have you join us, Ed. As we joked about it a little bit earlier, you know, things are really tough in your sector and I can tell personally, as a longtime frequent flyer myself, I know exactly how much money I spend each year on travel because of the frequent flyer programs where I'm literally gauging at the end of the year, whether I've had enough spend to make it to that next level. Well, it doesn't take me much time to figure out how much I've spent with you, Ed, in the last three months. And it's probably the same for many on this call ... next to nothing. And I'm sorry, Ed, I'm sure that's keeping you and your colleagues up at night, not just me, but for everybody. You know, it sure doesn't help when governments extend border closings for another 30 days and hint it could be much longer either does it? Ed, how are you holding up?

Ed Sims: Yeah. Thanks very much, Les, and thank you to everybody who's tuned in to today's session. I think we're holding up OK. I think our response has been as good as I could have asked for, right across the organization. If I take us back, it's arguable when this thing started, according to some reports in early December. I can remember vividly when I first saw the most dramatic impact on our business, it was actually a Sunday afternoon, February the 29th. Fascinating character that I am, I spend Sunday afternoons actually looking at our booking patterns and looking out on what's actually happening across all of the regions that we fly to. And on February 29th, mid-afternoon, I assumed that we'd had a massive system outage. I suddenly saw not only new bookings drying up in exactly the way you describe, Les, people like yourself just suddenly deciding I'm either going to postpone or cancel a trip, but also net cancelations starting to really piling on that Sunday afternoon. And by the end of that week, for the first time ever in my life, I'd seen net cancelations outstripped new bookings. And at that point on, it was very obvious from February 29th and particularly that first week of March, as Doug earlier described, we were mid-crisis and that we had a lot of work to do. So, we went into what we would call a full emergency response mode. I set up what was called an incident command center (ICC). It's a familiar pattern to me over the many, many years I've been in aviation. We've worked through gulf wars, 9/11, SARS, MERS, H1N1, even Icelandic volcanoes that have brought our business to relatively short term standstills. The difference between this crisis and previous crises has just been the length and the depth, exactly as Doug earlier described. I've typically set up an incident command center to respond to emergencies for somewhere between 15 to 20 days. And this morning we will meet for, I think, day 55 of our emergency response. So, there are consequences that come with that. You describe Groundhog Day earlier on, Les. That's a real challenge in our business, which is such a safety conscious and safety sensitive business that periods of inactivity that are then followed by periods of intense activity can be hazardous. And that's something that we're having to watch everyday and to remind our staff, the staff who is still working here, of the need to maintain the sort of vigilance towards our obligations under Transport Canada, as we would in normal circumstances, make sure in many ways that flying is actually safer than ever due to a whole raft of hygiene and safety standards that we've introduced to the aircraft pre-COVID, but also during the worst of this crisis.

But if I can, let me just try and summarize some of our key responses. I'm a great believer in a mantra that many WestJetters will be very familiar hearing from me, which is, "Structure, process, discipline." And I think the challenge in a crisis is that you lose structures and you lose a rhythm that you've previously had and reestablishing that rhythm as being one of the most critical elements of it. So right at the outset, within the first week of March, we divided the crisis up into what we anticipated to be three phases. This is not pretending we had a crystal ball. We just needed to structure our business in order to know what phase we were in and how we responded.

So, the three phases that we divided the crisis up. Number one, liquidity. In other words, what steps would we take to minimize cash burn, minimize all cash outgoings from the organization. Most people will understand that aviation is a very low margin, very high capital intensity business. We have to minimize outgoings as quickly as we possibly could. The second phase we called stabilization or normalization, in some ways, the most difficult phase because the liquidity phase, as the World Health Organization has characterized it is all about acting quickly. Dr. Michael Ryan from the W.H.O. has said memorably, "speed trumps perfection." And that's particularly true when you're trying to minimize cash outgoings and effectively preserve a very threatened balance sheet from destruction. As we move into stability, we mark that in a couple of ways. One is that we have a fleet that we know we can continue to operate without having to ground the fleet, despite, as you described, Les, border closures that have a profound effect on a business like ours that typically will fly to 28 airports in the U.S. We've grounded 85% of our fleet, that's around 150 aircraft sitting out on aprons and taxiways across the country. The hardest part of the phase has been laying off over 10,000 staff. So I am very grateful for the government's wage subsidy, the CEWS (Canada Emergency Wage Subsidy) program that has now been extended from the 6th of June out until the end of August. That's given us the ability to continue to provide a source of income through the company. We haven't had to have multiple applications for that subsidy to enable us to maintain close contact with those staff and keep them in close communication and I'll come back on to that. We've actually stood down almost 70% to 75% of our total staff base. Why are we grounding almost 85% of our fleet and standing 75% of our staff down? Because we have lost 95% of our revenue and our traffic and that was the case in late March, that was the case throughout April and continues to be the case here in early May. There are some early signs of frustration driving a return to traffic, but they are very early signs. And as nothing compared to the volume that we would normally carry. Let me put some color behind that, on a normal day, WestJet across Canada, across the U.S., across the Atlantic to our sun destinations would carry around 70,000 guests and today, we'll carry 3200. It really has been devastating. It's hard to overstate. Hence the need for discipline through this. The third phase is obviously the recovery phase. It's the phase everybody wants to get to whether you're an economist, whether you work in retail, whether you work like I do in the aviation sector. We all want to get to recovery. And that's why the stabilization and normalization phase, Phase 2, is so challenging, because you actually have to slow down the pace with which you tackle your biggest obstacles in the liquidity phase and prepare the business for what size, shape we may be in as we come back into a recovery phase and trying to predict if that's going to be U-shaped, if it's more likely, we think, to be potentially a W shape. And I think as Doug has accurately characterized, the shape will be different for every industry. And we fully anticipate walking up multiple, multiple flights of stairs when we realized that the up escalator or elevator is no longer working. So, three phases. Liquidity, stability and recovery. We think we are somewhere between the liquidity and potentially the early stages of stability, but still months away, months away from recovery. We think recovery may come in the fourth quarter and we we're hopeful that it may come in time for Christmas.

So I'm just going to leave you with three lessons that we've taken from this crisis. And I'm very conscious of time, the three lessons that we've taken. One, delegate decision making authority. It's not the CEO who can make decisions with the speed that we have to make decisions. I delegated my authority on day one to our incident command center and we had about 25 different elements of the business reporting through to the ICC. We do a daily sit rep from 9:00am until 9:30am and all 25 parts of the business are expected to report as to whether they are red or green according to the state of crisis, and that the business finds itself.

And that has been fundamental to our speed of response. It's been fundamental to incredible effort to recover around 60% of the costs that would normally be incurred in this business, in response to that dramatic 95% reduction in revenue. Lesson number two, you cannot over-communicate. Throughout this crisis. I've done a weekly staff webinar. We would typically have between 3,000 to 4,000 staff on that webinar, another 1,000 to 2,000 who download the content of the webinar and watch it separately. On top of that, I've had a weekly communication with all of our leadership teams and pretty much bi-weekly communication with our unions throughout this crisis. So, remain transparent. Remain visible. Make that commitment to your teams to continue to take questions and answers, not just a speech from the pulpit but actually a genuine interactive Q&A. And finally, coming back to the point that I made about the crises that have hit aviation in the last 20 years. Surround yourself with people that I would characterize as 'battle scarred but still smiling'. A sense of dark humor has been critical throughout all of this. And there's been a good reminder for us that when nobody's been traveling, airlines serve an essential purpose, for the rest of you watching this call, that your life could be worse. And that's no disrespect to our frontline health workers, to those running care homes, to those in meat processing plants. But we have probably been as hard hit as almost any other industry. And we need to have very deeply resilient people who can bounce back and be ready for recovery. When the recovery comes, I have every confidence it will be strong. I have every confidence this country continues to need competition in its airline sector and that there is a real service that we provide, not just in western Canada, not just for the whole of Canada, but actually for travelers right across this continent and beyond. So with that Les, I'll hand it back to you. Thank you.

Les Gombik: Great. Thank you very much, Ed. We are going to have a few questions for you at the end, but there were a few questions that came up specifically for you that I thought would be good to ask quickly right now. How do you think air travel will change going forward, seeing what we've just gone through and people being scared to be near other people? Do you forecast this to be a long-term shift or is it going to be getting back to normal anytime soon?

Ed Sims: I think some of the changes will be shorter term. And by shorter term, I mean three to six months, some of them will be permanent. We've currently removed the middle seat in our jets. We've currently taken out every other seat in our Q400 so that people on board can maintain social distance and not be sat immediately next to another guest. Will we be able to do that as demand returns? Time will tell. But some changes I think will be permanent - all our staff have been equipped with tons and tons of PPE, personal protective gear. They're all wearing gloves, nitrile gloves. They're all wearing N-95 masks. They will have face shields. They've been equipped with gowns. My personal perspective is I don't think people will be wearing that PPE forever. But I do suspect that elements like gloves and masks will be around for a long time. I suspect the airport check-in process will be challenging on top of security checks. I think there will be more likely to be temperature and heat checks for guests. And I suspect that prior to the vaccine that Doug talked about earlier, we're going to see some kind of immunity virus passports being carried. It could be an app on the phone. It could be a Bluetooth tile, that I'm more in favor of for all kinds of reasons. But I think people will want to have some kind of immunity stamp to preclude them from being in 14 day quarantine when they return for their travel, because that's just too big an imposition for people to be able to accept long term.

Les Gombik: Thanks, Ed. Let's shift and ask the participants. I'm sure, Ed, the following question may be of interest for you to hear the answer to this question. Our next polling question is: In terms of business travel, when the restrictions are lifted: a) will likely travel the same amount as before; b) will likely reduce travel by less than 10%; c) 10% to 25%; d) 26% to 50%; e) 51% to 75% or f) travel will be rare and only on an exception basis. Ed, let me plant a seed for a queston for later in the Q&A. Do you think that business travel is going to be impacted? You heard last week from those that were on the call around the requirement by companies to no longer make their employees work from the office going forward and possibly shifting forever how people work from home. Is this, in your minds going to change how people travel over time?

We're going to shift and go to our final panelist and that's the board corner part of our session. I'm thrilled to introduce Doug Haughey as chair and lead director for multiple infrastructure and essential service companies. Doug hasn't slowed down during the crisis. Like many of you on the call, he's had daily calls with his boards and management teams. He's been doing an incredible job at helping out his counterparts through the crisis. And I know this because it was one of our prior calls' participants from management, from one of Doug's companies who volunteered him to spend time with us today. A little exercise for everybody here before we shift to Doug. Try to think back to B.C., Before COVID, and how *easy* a job it was to be a director. The only things directors had to deal with were activist shareholders, social license to operate, cybersecurity, rail blockades, compensation issues, diversity, etc. Doug, did you ever think you would look back at those days as the good old days?

Doug Haughey: Well, Les, it's funny because as soon as your you started listing those I thought to myself, "you know, those were pretty hard days actually, it's just a lot harder now."

Les Gombik: Clearly you're dealing with a lot and I'm sure a lot of the people, both directors and management on the on the call today would like to hear from you.

Doug Haughey: Doug P. and Ed, thanks those were great comments. Good morning, everybody. Hope everyone is doing well. One comment I'd like to make at the outset and Ed touched on it, I think it's very important, as Les mentioned, with companies like Fortis and Keyera, Hi-Fi, engineering technology company, it makes such a difference when you have those battle-hardened executives and directors who've been there and have seen it (maybe not necessarily this specific) but they understand what you need to be doing. And, I want to tip my hat to the management teams of those three companies I mentioned because they have done a superlative job as have their respective boards. It's kind of interesting, I heard a comment the other day that someone said, "it's ironic that all of this is happening in 2020 because the decisions of governments and corporations will be subject to a lot of hindsight", which, as we all know, is 20/20. I think the message probably is that we should all expect someone to eventually second guess pretty much all of the decisions that we're making, which is interesting to me actually because I personally feel that the toughest decisions are actually still ahead of us. You know, if you look back, no one liked making them but the early decisions around, you know, curtailing operations, social distancing, self-isolation. You know, they're pretty straightforward. I have observed that they sort of fell into three categories in terms of focus. Safety was one, liquidity, and for lack of a better word, community. As a director, the first two, I think were more internally focused. Obviously, keep our employees, families, customers safe while doing everything we can to keep the business running. Secondly, and Ed mentioned this, maintain a laser focus on liquidity and financial flexibility, because that is the sole key to survival right now. And thirdly, community, which is probably more externally focused. I have to say, I was very encouraged to see how many companies were stepping up to make very material donations to support those hit hardest. Employees dedicating their time to good causes, you know, often from a distance. And executives and board members were making some pretty substantial personal donations in the communities where they live and work and that's all great stuff and we need to continue all of that.

But honestly, in addition to the safety, liquidity, community, by far the biggest focus right now has to be around recovery. I think we have a huge challenge ahead of us. The post-crisis capacity of some of our businesses may be mandated at what are below breakeven levels which, you know, that's clearly not sustainable. I think the second thing is, and it's a big concern, demand destruction in our respective markets is deep and in some cases, potentially enduring. And lastly, the balance sheet challenge will continue to be severely challenged. Liquidity obviously is going to be paramount. We're going to need to claw our way out of this. It's going to take support of balanced government policies, consumer confidence to reignite economic activity and the creativity that Ed was talking about by all of our executive teams to drive the innovation that we all need.

I do want to take a minute briefly and get back to the 20/20 hindsight thing for a second in the context of enterprise risk management, which is something core to most management teams and boards. I heard an interesting exchange a couple of weeks ago where one business exec lamented, "boy and nobody saw this pandemic coming..." and the second person who was there said, "well, actually Bill Gates and five others did five years ago. But you chose to ignore them." You know, to me, in an enterprise risk management context, that's really an unfair criticism. But I fear that it may be a criticism that's fairly widely held right now. As most of you know, the typical board driven enterprise risk management approach is as much of an art as it is a science. You know, we all rank potential risks by estimating the probability of occurrence and its potential severity. Even if organizations rated the probability of a pandemic as high and the potential severity also high, there's only so much business organizations can reasonably do in pandemic planning. Some of it's gone pretty well. One example might be working from home. Generally speaking, I would say it's been a technological success - bandwidth has been okay, employees have been able to access critical files, team collaboration has been fine and cybersecurity risk while higher, has been manageable. Secondly, I think we've proven it's been an organizational success. Productivity, I think has been different, but it's been okay and we've had some very impressive accomplishments by organizations. Just think about it . . . most of us delivered financial statements in the middle of a lockdown with no face to face meetings. Many of us conducted virtual AGMs for the first time. Many of us decentralized customer service and call centers, so it's pretty incredible, actually. And third, it seemed to be an emotional success for employees, at least so far. Now we'll see in the long run, I think humans are social creatures and many crave the variety and activity that working from home just doesn't provide. But the short-term feedback has been reasonably positive, right? You know, it's probably been a bit of a novelty. It's probably definitely enhanced our work-life balance. It definitely helps alleviate childcare issues, at least in the short-term, and it eliminates commuting, which for some is a huge thing. So overall, the work from home thing is going fine. But I would argue that's only one very small part of the challenge we face. So even if you concluded, last year that a pandemic was a high probability with severe outcomes projected, the interesting thing is that, in a typical enterprise risk management framework, the reality is that pandemic risks compete with a long list of other equally concerning risks for the attention of board management. But more importantly, I would argue that even if you were highly certain that this was coming. I'd argue that in a competitive environment, it's virtually impossible to set up your business to successfully manage the massive destruction of demand that we've seen in many sectors. It's going to be very interesting to hear the Monday morning quarterbacking as we claw our way out of this hole. I will admit to being a bit concerned that we as boards and management teams, don't let our decisions get swayed by the loud voices on either side of some of these issues - in terms of how fast we open and where and what approach. I think boards and management teams, we need to obviously acknowledge those views and take them in stride. But I think we need to continue to do the right things for the right reasons for our businesses and our broader stakeholder group, because frankly, I think society expects that now. We got to find the right balance in the face of those polarized views. We all have to advocate hard for our respective industries to drive the right outcomes. Most importantly, we've got to reignite consumer confidence because it's something we desperately need right now as we work our way out of this. So Les, I'll stop there and look forward to the dialog.

Les Gombik: That's great insight, Doug. And, you know, it's sobering and still, I think, Ed, you mentioned you need to have some dark humor in this as well. There are some positives, as you acknowledged, out of this but obviously such challenging times that we're all facing as well. And to your point earlier around what could you have done differently? Had you seen this coming? I guess a question for an organization like WestJet with Ed, can you do anything different or could you do anything different? At the end of the day, right now, we're in the middle of this and so can you do anything different if this happens again? I think maybe we'll have learned something. But Ed, is there any sort of a second thought here as to what you could have or what you will do different going forward?

Ed Sims: Absolutely, and Doug hinted at it when he talked about enterprise risk management. Attack hubris wherever you see it in your organization. Overconfidence is the biggest threat when it comes to an issue of these dimensions. Doug is right, there are a lot of armchair quarterbacks saying surely you could have modeled something similar coming. Something similar, absolutely. We saw that between 2000 and 2010 on a regular basis. The challenge with the last decade from 2010 to 2020 has been the almost unparalleled growth that almost every industry has been enjoying in Canada and globally and that's led to a lot of overconfidence. And it is astonishing to me how many organizations connect downside risk modeling with pessimism, and you can get dismissed as a glass half empty CEO, CFO, board director, when in fact it is just good business practice to constantly model downside risk. In every five year plan you produce, you need to be able to demonstrate at least one or two examples of central downside risks in your industry, in your organization. If you're not, you're getting hubristic and people who get hubristic get burned.

Les Gombik: So to help Ed out with some of their planning for what people are forecasting coming back, let's please answer this again in terms of business travel when restrictions are lifted. Do you expect your business travel patterns to change? So while you answer that, let's get into some of the Q&A. And one of the big questions that we've received even before this call is for you, Doug P. With respect to taxes, here we are today running these massive deficits and there's a fear by many people that if we start imposing or introducing new taxes to be able to start paying this off, we're just going to make this spiral worse. Yet, there's things like, carbon taxes still being imposed during this time when some of the provinces are deciding against it.

And certainly in some of the states, etc. they're not even going there. What are your thoughts in terms of what governments should do around taxes, Doug? If you were to counsel them and advise them? And what do you think they are actually going to do and how do we as corporations, community leaders and individuals need to be prepared for that?

Doug Porter: So that's exactly the way I was going to break it down - there's the economic answer that and there's the political answer to that. On the economic front, I don't think they should touch taxes for years until we are completely, fully recovered. Let's face it, there's been no concern about the deficit on the way up and given the kind of interest rate environment we're likely looking at we just have to live with the fact that it's going to be a slow climb down the mountain with the deficit. And frankly, raising taxes during the recovery would be counterproductive. I really wonder what kind of revenue they would get, especially, if they started raising things like corporate income taxes, which some are already talking about, or raising high-end personal income taxes. I actually think it would be counterproductive. That's the economics of it. The politics of it are likely to be different. I don't doubt that 2022/2023 there is going to be a temptation to take a long look at things like the capital gains tax, for instance, maybe even corporate taxes. Turning to the U.S., I certainly think, depending on how the election goes, there is definitely going to be a long look at corporate tax after the huge cut at the start of 2018. If we have a change in administration, I think corporate taxes are almost certainly going to go up in the US. If we get a change in leadership after this year's election, but again, from an economic standpoint, I just do not see the urgency at all to raise taxes. I think the recovery itself will help bring down the debt and I think for a number years, a deficit on the order of 4% to 5% percent of GDP while pre-virus, that would have been unacceptable, I think it will have to be acceptable in this world.

Les Gombik: That's great Doug. Maybe I'll just asked the panel if you've got any thoughts on some of that as well.

Ed Sims: I'll happily jump in. I completely agree with Doug. I mean, my bigger worry for the Canadian economy as a relatively new Canadian is that the Canadian government suffers from a fear of missing out and depending on the outcome of the US elections, if one of the first initiatives they introduce is a new level of corporate income tax, I fear that Ottawa might find that too tempting to resist.

Les Gombik: Thanks, Ed. Anything from you, Doug H.?

Doug Haughey: I would agree with both Ed and Doug. With big operations in the US as well, what we're finding is that, and Ed touched on this, what transpires in the US we've got to be very cognizant of the same things in Canada. We all need to watch with great care. One of the comments I was making was that it's really tempting to swing from one end of the pendulum to another here and I think that the right answer, is somewhere down the middle on the fairway, if you will, and let's hope that's where the policy outcomes lead us.

Les Gombik: Great, thanks. Middle of the fairway is not somewhere that I know where to be. Let's show some of our polling results. And thank you to everybody for participating. For Doug P. the question that came up right after you. The question specifically, how long you expect before the company revenues recover to pre-COVID levels? I'm happy to see that nobody said that their industry is forever changed. This is representing about 600 corporate leaders and directors, with the majority vote of 42%, believe that company revenues will recover to pre-COVID levels within 12 to 24 months. Doug P., does this surprise you or is this what you're expecting?

Doug Porter: Full confession, I actually was with the majority there.. I also said 12 to 24 months. That's effectively what our economic forecast is and frankly we're more towards the 24 months. I noticed one of the other questions was, how can we be so optimistic when we're talking about the U.S. economy taking two years to get back to 100%? Well, that's effectively what we see for Canada. I would just remind you that a 6% rebound next year after a 6% decline this year does not leave us square because we've had population growth over that time as well. We would normally expect in any given year to have 2% growth. We don't think we'll be back to normal until well into 2022 based on our forecast. So, I would pretty much agree with the mode on that one.

Les Gombik: Thanks, Doug. A question for the panel. With respect to this, if we're looking at 12 to 24 months before we start getting back to even pre-COVID levels, let alone growth, for you, Doug H. and for you, Ed, formally being a public company, but now being backed by a private equity like organization, how patient do you think shareholders and investors are going to be over this time? I think everybody right now understands that we're in lockdown. There's nothing we can do about the revenues that we've got right now. But as things start to reopen, do you feel that investors and shareholders are going to be patient enough to help us get through this? And they may not even have a choice. But what are your thoughts on that as a board, Doug? What is it that you're going to do in terms of balancing shareholder expectations with management ability to deliver?

Doug Haughey: That's a great question, and here's the way I would phrase it. Investors today, they get it right. They're very sophisticated. And we interact with them regularly, both in Canada and the U.S. I think honestly they're going to be fairly understanding of where the industry is at. The important part though, is we as a company in whatever sector we're all operating in, we have to show that we can compete effectively in our peer group. If you can't, I think that investors will be, frankly, not very understanding and will be very demanding. If you're one of the laggards in your sector, but in a broader context, I think they get it. You just better be performing as well or better than your peers.

Les Gombik: Thanks, Doug. Ed, let's ask you this same question. Having gone from being a fully independent, publicly traded company to now being backed by Onex. How has pressure shifted on you?

Ed Sims: It's just grown. We used to have 24,000 institutional and desperate shareholders. We now have one who's in the room with me every single day. There's a lot of wisdom in what Doug H. just said. A former boss of mine once was a runner, and I used to be interested in running and we always used to say, "you never overtake your competitor on your downhill stretch." So the uphill stretch is actually a really useful way of reminding yourself where your muscle set is and a really useful way of saying it is uphill, this is a grind. As Doug P. said earlier, we're going up, we're walking upstairs but this is where you overtake people. And yes, of course, we all have impatient shareholders and we all have shareholders who, frankly, for us, who would probably look at themselves and say we've had a epically bad timing in terms of the venture into an industry like the aviation industry. But nonetheless, you have to remain open to those early signs and signals in the marketplace that lend themselves to being innovative, to being creative, to converting perhaps your business to a more sustainable and environmentally sustainable platform, to looking at your digital applications, to look to say, "if we're not going to take millions of Canadians overseas, how can we do our best to promote Canada as a wonderful tourism destination?" Look at the revised platform, look at the different landscapes and say, "how nimble can we be and how can we maintain a significant cost advantage over our competitors?" Then we then turn into a direct consumer benefit. I think 'pivot' is one of those overused words like 'unprecedented' but that's exactly what we are all paid to do.

Les Gombik: Thanks, Ed. Why don't we give you some data now to share back with Onex and everybody that you're dealing with around what the group thinks in terms of business travel going forward? As you can see, almost a third or slightly over a third expect that business travel will likely reduce between 26% to 50% percent on average and even another 25% expecting it to reduce by 50% or more. These are significant, significant numbers, especially for an organization like yours, Ed, who has really focused of late with the introductions of some of your new programs to focus on the business travel. Are these numbers surprising to you?

Ed Sims: Look, I was pretty cheerful till I came on the call. Well, no, they're not surprising. And it really comes back to having a segmented brand strategy. We have an ultra-low cost carrier that I think would take advantage of people looking to grab cheap fares at $29/$39. We have a domestic brand that is always traded off being at a significant fair cost advantage over our largest competitor. I think again, you just have to make sure that those elements of your business that lend themselves to a potential lengthy downturn in corporate travel can continue to provide low cost leisure fares. And there will be some pent-up frustration. There will be people who haven't enjoyed 8 or 10 weeks self-isolation. There are people who haven't enjoyed Zoom. And I think Zoom has become a wonderful tool for internal communication within organizations, but still will never replace the ability to build partnerships and the ability to construct deals face to face. So, we'll come back. But I'm not surprised that most people think it's going to take around 12 months to recover fully.

Les Gombik: Thank you. We are nearing our time. I'm going to ask each panelist, you've got 30 seconds or less. Do you have any words of wisdom or thoughts or suggestions for everybody on this call in terms of next steps? Doug P, I know I'm throwing you on the spot here, you're first, 30 seconds or less, ideas, thoughts or reactions to today?

Doug Porter: So first thoughts, thank you very much for having me on, it's been a great help for me as well. The only thing I would stress is we put out a report about a month ago that looked at industry by industry breakdown in terms of, the different challenges that different sectors will face. Even though there will be some sectors that will really struggle to recover and we've heard from one today. Always keep in mind that there are a lot of other sectors that could grow even faster. I don't want to say benefited from this, but will grow above average in the years ahead. Just because the economy is going to look different in two years doesn't mean that we can't recover. People are resourceful. Businesses are resourceful. I'm a relative optimist.

Les Gombik: Great. Thanks, Doug P. Let's go to the other Doug. Doug. Any words of wisdom? Final closing thoughts?

Doug Haughey: I think it would be the same as what a number of people have heard me say many times before. You know, we're all in people businesses, even if they're super capital-intensive. At the end of the day, we're in a people business. I thought Ed's comments about leadership are exactly right. The thing you've got to be looking for now are leaders who are resilient, can keep a positive attitude and probably have the flexibility to really identify opportunities and have that drive to make it happen. I think people are everything going into something like this and coming out.

Les Gombik: Great advice and talking about people from one of the most people-focused enterprises around. Let's move over to you, Ed, final thoughts?

Ed Sims: Look, I'm a former air traffic controller and to be successful in that business, you have to slow everything down around you to make speedy decisions. So, channel your in Roger Federer, that guy has a knack of slowing the pace of the ball so that he can respond quickly. And I think the great leaders who will take organizations onto bigger and better things will slow the decision making down, use great data available, and then make quick decisions. So, channel you're inner Roger Federer.

Les Gombik: That's wonderful advice, Ed. Thank you.

Next week, we've also got an interesting group. We have Greg Morrow, the CEO of Chatters, one of the largest hair salon chains out there. We have Colleen Johnston, a board member on multiple boards, including McCain, Shopify, Unity Health and formerly , yours as well Ed at WestJet. And we have another interesting one, Tom McCullough, the chairman of the Northwood Family Office and author of The Top 50 Things Wealthy Families Ask. So we're in for another great meeting next week. And boy, did we have a great one today. Thank you to all of our panelists.

We know you have dozens of requests to join COVID calls and we're happy you chose to spend your last hour with us. We keep trying to make these calls valuable. If you have any ideas of speakers or topics or content for future Wednesday calls, please let me know. Everybody, we're all in this together. Go out there, be safe. Take some of these great ideas back and take good care. Thanks for joining.

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