

**Finance Term Paper**

The development of the modern aviation industry is vulnerable to a significant impact of external factors, such as the economic recession, environmental concerns of customers, growing competition and others. In this respect, such companies as WestJet Airlines and Air Canada need to develop new, effective marketing strategies to maintain their positive organizational performance, financial stability and simply to survive in the highly competitive business environment. In this respect, it is worth mentioning the fact that companies often choose different marketing strategies. WestJet Airlines focus on the provision of low cost flights and services to its customers, whereas Air Canada focuses on the maintenance of its current position as one of the largest airlines of Canada and North America and attempts to expand its international market operations.

On analyzing the current financial position of both companies, it is important to lay emphasis on the fact that today both WestJet Airlines and Air Canada suffer from negative effects of the economic recession. The economic recession has influenced consistently the development of the aviation industry because companies were forced to save costs to maintain their competitive position and preserve their market share. However, WestJet Airlines and Air Canada have demonstrated different financial dynamics. At this point, it is possible to refer to financial performance of both companies (See Table 1-2). To put it more precisely, the

revenues of WestJet Airlines increased steadily although the dynamic of the growth of the company's revenues was not fast as it used to be in previous years. As for Air Canada, the company has decreased its revenue within the last years. In fact, the trend to the deterioration of the financial performance of Air Canada can be clearly traced throughout the last year, while WestJet Airlines demonstrates a trend toward a stable financial performance and maintain its current marketing position regardless of the negative impact of the economic recession.

In this respect, the economic recession can have not only short-term effects that may affect the financial performance of both companies at the moment, but also it may have long-lasting effects which are not clearly seen at the moment. At this point, it should be said that the economic recession deteriorated the organizational and marketing performance of the aviation industry at large and many large airlines operating at both domestic and international markets, such as Air Canada. In such a context, it is possible to speak about negative microeconomic trends because the aviation industry and airlines, including both Air Canada and WestJet Airlines, suffer from the decrease of the amount of passengers and the overall downturn in the development of the industry. The number of flights tends to decrease because of the economic recession and downfall of business activities. In addition, other industries closely related to the aviation industry and

influencing the performance of such companies as Air Canada and WestJet Airlines, for instance tourism industry, also suffer from negative effects of the economic recession. As a result, the number of passengers using services of Air Canada and WestJet Airlines tends to decrease and companies have to undertake effective measures to minimize negative effects of the economic recession. For this purpose, WestJet Airlines focused on the development of the low-cost strategy which has proved to be quite efficient because the company has managed to maintain its positive organizational performance and increased its revenues. The reason is obvious - customers attempt to save costs and, therefore, they prefer low-cost carriers instead of such companies as Air Canada. The latter provides services of the high quality and attempts to overcome negative effects of the economic recession through international market expansion. However, this strategy is not very effective. At any rate, this strategy does not bring positive financial outcomes because the company needs to save costs, while international market expansion needs substantial investments. However, in a long-run perspective this strategy may be successful because it helps the company to increase its market share and when economy starts rising, Air Canada can increase its revenues substantially.

At the same time, the economic recession affected both companies not only at the microeconomic level but also at the macroeconomic one. The high inflation decreased the buying

power of customers of both companies that contributed to the shift of customers from using services of Air Canada toward using services of WestJet Airlines. In addition, both companies need to save costs that involves job cuts or changes of the work schedule to decrease costs of the labor force for both companies.

The stock price of both companies has dropped consistently within the last year under the impact of the economic recession. By the end of 2009, the stock price of WestJet Airlines has lost almost a third of its value at the beginning of the year (See Graph 1). In this regard, the drop of stock price of Air Canada is even more significant because the company's stock price dropped almost twice within 2009 (See Graph 2).

The consistent drop of the stock price of both companies and the deterioration of the marketing performance of both companies, especially Air Canada, were determined not only by the economic recession but also by the consistent rise of oil prices before the beginning of the economic recession. In fact, the exorbitant oil price raised unsurpassable barriers for the development of both companies. When the oil price exceeded 150 USD/b, the aviation industry faced a threat of a profound crisis because they cannot afford buying fuel at the exorbitant price. In such a situation, both WestJet Airlines and Air Canada had to decrease costs to cover costs they spent on fuel. As a result, cost saving led to job cuts and

deterioration of the quality of services in the aviation industry at large and in both companies in particular. In this respect, WestJet Airlines chose the most efficient way of minimizing its financial losses focusing on the low-cost services. This is probably why WestJet Airlines proved to be less affected by the negative effects of the economic recession.

Finally, taking into consideration the DuPont analysis of the marketing performance of WestJet Airlines and Air Canada, it should be said that both companies deteriorated their ROE, including the deterioration of the operating efficiency, asset use efficiency, and financial leverage. At the same time, again WestJet Airlines proved to be more persistent to the economic crisis than Air Canada because the aforementioned deterioration in WestJet Airlines was less significant than that in Air Canada.

Nevertheless, both companies maintain a stable financial performance (See Table 1-2). In this respect, it should be said that the companies have the potential to maintain the positive marketing performance but Air Canada definitely needs to change its marketing strategy to improve its performance to avoid possible financial difficulties. As for WestJet Airlines its strategy has proved to be quite effective and allowed the company to increase its revenues.

Thus, taking into account all above mentioned, it is possible to conclude that investment in WestJet Airlines would

be more profitable and reliable than investments in Air Canada. At any rate, WestJet Airlines has proved its flexibility and resistance to the negative impact of economic crisis, while Air Canada has proved to be more vulnerable to the negative impact of the economic recession. WestJet Airlines has managed to develop a strategy which allowed the company to minimize financial losses in time of the economic recession, while Air Canada has failed to develop a strategy which could help the company to maintain its financial and marketing performance stable.

**References :**

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Trisoglio, Alex. "International Business and Sustainable Development." Green Globe Yearbook, ed. Helge Bergesen and Georg Parmann, 87-100. New York: Oxford University Press, 1993.

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**Appendices :**

Table 1. WestJet Airlines

Open:	11.800	Yield:	N/A
High:	11.810	EPS:	0.940
Low:	11.550	P/E Ratio:	12.511
Bid Price:	11.750	Ex Date:	N/A
Bid Size:	10	Dividend:	N/A
Ask Price:	11.760	52 Week High:	14.950 (1/26/2009)
Ask Size:	3	52 Week Low:	9.630 (7/13/2009)
Avg Volume:	497,900	Shares Out:	138.447 million
Quoted Market Value:			1.628 billion

**Fundamentals**

08/12/2009

**Share Related Items**

Market Cap	1.617 billion
Shares Out	138.447 million

**Per Share Data**

Current P/E Ratio	9.30
Cash Flow	\$2.09
Book Value	\$9.42
EBITDA	N/A

**Management Effectiveness**

Return on Equity (TTM)	N/A
Return on Assets (TTM)	N/A
Return on Investment (TTM)	N/A

**Profitability**

Gross Margin (TTM)	N/A
Operating Margin (TTM)	7.00%
Profit Margin (TTM)	N/A

**Valuation Ratios**

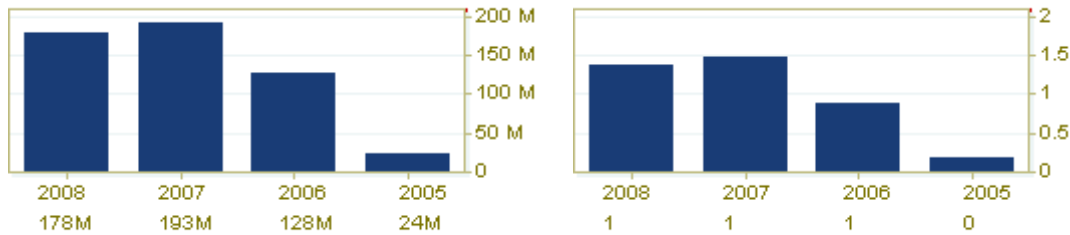
Price/Earnings (TTM)	7.30
Price/Book (TTM)	1.24
Price/Cash Flow (TTM)	5.60

TTM = Trailing 12 Months

**Annual Financials**

**Total Net Income  
Amounts in Millions**

**Basic EPS Total**



**Quarterly Financials for WestJet Airlines Ltd.** **Fiscal Year-End: 12/31**

All amounts in millions except per share amounts.	Quarter 3 2009 09/2009	Quarter 1 2009 03/2009	Quarter 4 2008 12/2008	Quarter 3 2008 09/2008
<b>Operating Revenue</b>	<b>600.63</b>	<b>579.29</b>	<b>615.78</b>	<b>718.38</b>
Total Revenue	600.63	579.29	615.78	718.38
Adjustment to Revenue	0.00	0.00	0.00	0.00
Cost of Sales	279.42	307.64	339.94	402.01
Cost of Sales with Depreciation	313.11	307.76	339.59	402.12
Gross Margin	321.21	0.00	0.00	0.00
<b>Gross Operating Profit</b>	<b>321.21</b>	<b>271.65</b>	<b>275.85</b>	<b>316.37</b>
R&D	0.00	0.00	0.00	0.00
SG&A	174.48	176.98	183.77	184.73
Advertising	0.00	0.00	0.00	0.00
Operating Profit	76.98	60.66	292.88	96.52
<b>Operating Profit before Depreciation (EBITDA)</b>	<b>146.74</b>	<b>94.67</b>	<b>92.08</b>	<b>131.64</b>
Depreciation	69.76	34.01	34.48	35.12
Depreciation Unreconciled	36.07	33.89	34.83	35.00
Amortization	0.00	0.00	0.00	0.00
Amortization of Intangibles	0.00	0.00	0.00	0.00
Operating Income After Depreciation	76.98	60.66	57.60	96.52
Interest Income	0.97	2.12	5.62	6.08
Earnings from Equity Interest	0.00	0.00	0.00	0.00
Other Income, Net	-11.61	5.15	13.53	-4.84

Income Acquired in Process R&D	0.00	0.00	0.00	0.00
Interest Restructuring and M&A	0.00	0.00	0.00	0.00
Other Special Charges	0.00	0.00	0.00	0.00
Total Income Avail. for Interest Expense (EBIT)	66.33	67.93	76.75	97.76
Interest Expense	16.73	17.49	18.45	18.95
<b>Income Before Taxes (EBT)</b>	<b>49.60</b>	<b>50.44</b>	<b>58.30</b>	<b>78.82</b>
Income Taxes	18.19	13.01	17.53	24.15
Minority Interest	0.00	0.00	0.00	0.00
Preferred Securities of Subsidiary Trust	0.00	0.00	0.00	0.00
Net Income from Continuing Operations	31.42	37.43	40.77	54.67
Net Income from Discontinued Ops.	0.00	0.00	0.00	0.00
Net Income from Total Operations	31.42	37.43	40.77	54.67
Extraordinary Income/Losses	0.00	0.00	0.00	0.00
Income from Cum. Effect of Acct. Chg.	0.00	0.00	0.00	0.00
Income from Tax Loss Carryforward	0.00	0.00	0.00	0.00
Other Gains (Losses)	0.00	0.00	0.00	0.00
<b>Total Net Income</b>	<b>31.42</b>	<b>37.43</b>	<b>40.77</b>	<b>54.67</b>
Normalized Income	31.42	37.43	40.77	54.67
Net Income Available for Common	31.42	37.43	40.77	54.67
Preferred Dividends	0.00	0.00	0.00	0.00
Excise Taxes	0.00	0.00	0.00	0.00

**Per Share Data**

Quarter 3 2009 09/2009	Quarter 1 2009 03/2009	Quarter 4 2008 12/2008	Quarter 3 2008 09/2008
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Basic EPS from Continuing Ops.	0.24	0.29	0.31	0.43
Basic EPS from Discontinued Ops.	0.00	0.00	0.00	0.00
Basic EPS from Total Operations	0.24	0.29	0.31	0.43
Basic EPS from Extraordinary Inc.	0.00	0.00	0.00	0.00
Basic EPS from Cum. Effect of Accounting Chg.	0.00	0.00	0.00	0.00
Basic EPS from Other Gains (Losses)	0.00	0.00	0.00	0.00
Basic EPS Total	0.24	0.29	0.31	0.43
Basic Normalized Net Income/Share	0.24	0.29	0.31	0.43
Diluted EPS from Continuing Ops.	0.24	0.29	0.32	0.42
Diluted EPS from Discontinued Ops.	0.00	0.00	0.00	0.00
Diluted EPS from Total Operations	0.24	0.29	0.32	0.42
Diluted EPS from Extraordinary Inc.	0.00	0.00	0.00	0.00
Diluted EPS from Cum. Effect of Accounting Chg.	0.00	0.00	0.00	0.00
Diluted EPS from Other Gains (Losses)	0.00	0.00	0.00	0.00
Diluted EPS Total	0.24	0.29	0.32	0.42
Diluted Normalized Net Income/Share	0.24	0.29	0.32	0.42
Dividends Paid per Share	0.00	0.00	0.00	0.00

**Quarterly Financials for WestJet Airlines Ltd.****Fiscal Year-End: 12/31**

All amounts in millions except per share amounts.	Quarter 3 2009 09/2009	Quarter 1 2009 03/2009	Quarter 4 2008 12/2008	Quarter 3 2008 09/2008
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**Assets**

Cash and Equivalents	961.65	835.79	820.21	806.51
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Restricted Cash	0.00	0.00	0.00	0.00
Marketable Securities	0.00	0.00	0.00	0.00
Accounts Receivable	19.64	25.37	16.84	16.89
Loans Receivable	0.00	0.00	0.00	0.00
Other Receivable	0.00	0.00	0.00	0.00
Receivables	19.64	25.37	16.84	16.89
Raw Materials	0.00	0.00	0.00	0.00
Work In Progress	0.00	0.00	0.00	0.00
Purchased Components	0.00	0.00	0.00	0.00
Finished Goods	0.00	0.00	0.00	0.00
Other Inventories	18.71	7.92	17.05	11.78
Inventories - Adj Allowances	0.00	0.00	0.00	0.00
Inventories	18.71	7.92	17.05	11.78
Prepaid Expenses	42.07	57.21	67.69	53.27
Current Deferred Income Taxes	4.09	2.34	4.20	0.00
Other Current Assets	0.00	0.00	0.00	0.00
<b>Total Current Assets</b>	<b>1,046.16</b>	<b>928.63</b>	<b>925.99</b>	<b>888.44</b>
Gross Fixed Assets (Plant, Prop. & Equip.)	2,891.72	2,797.87	2,798.90	2,768.89
Accumulated Depreciation & Depletion	570.73	515.23	517.05	484.68
Net Fixed Assets	2,320.99	2,282.64	2,281.85	2,284.21
Intangibles	13.60	13.24	0.00	0.00
Cost in Excess	0.00	0.00	0.00	0.00
Non-Current Deferred Income Taxes	0.00	0.00	0.00	0.00
Other Non-Current Assets	58.25	75.97	71.01	62.29
<b>Total Non Current Assets</b>	<b>2,392.83</b>	<b>2,371.85</b>	<b>2,352.86</b>	<b>2,346.50</b>
<b>Total Assets</b>	<b>3,438.99</b>	<b>3,300.48</b>	<b>3,278.85</b>	<b>3,234.94</b>

**Liabilities**

	Quarter 3 2009 09/2009	Quarter 1 2009 03/2009	Quarter 4 2008 12/2008	Quarter 3 2008 09/2008
Accounts Payable	199.00	251.08	249.35	192.58
Notes Payable	0.00	0.00	0.00	0.00
Short Term Debt	165.66	165.81	166.12	166.37
Accrued Expenses	0.00	0.00	0.00	0.00
Accrued Liabilities	0.00	0.00	0.00	0.00
Deferred Revenues	301.58	263.75	0.00	0.00
Current Deferred Income Taxes	0.00	0.00	0.00	0.00
Other Current Liabilities	59.49	67.53	324.37	336.62
<b>Total Current Liabilities</b>	<b>725.72</b>	<b>748.17</b>	<b>739.84</b>	<b>695.57</b>
Long Term Debt	1,062.33	1,144.90	1,186.18	1,227.50
Capital Lease Obligations	0.26	0.61	0.71	0.81
Deferred Income Taxes	276.05	255.06	241.74	232.08
Other Non-Current Liabilities	17.39	18.49	24.23	7.85
Minority Interest	0.00	0.00	0.00	0.00
Preferred Securities of Subsidiary Trust	0.00	0.00	0.00	0.00
Preferred Equity Outside Stock Equity	0.00	0.00	0.00	0.00

<b>Total Non-Current Liabilities</b>	<b>1,356.03</b>	<b>1,419.06</b>	<b>1,452.87</b>	<b>1,468.24</b>
<b>Total Liabilities</b>	<b>2,081.75</b>	<b>2,167.23</b>	<b>2,192.71</b>	<b>2,163.81</b>
<b>Shareholders' Equity</b>				
Preferred Shareholders' Equity	0.00	0.00	0.00	0.00
Common Shareholders' Equity	1,357.24	1,133.26	1,086.14	1,071.13
Common Par	0.00	453.64	0.00	0.00
Additional Paid In Capital	698.67	62.08	513.08	510.45
Cumulative Translation Adjustment	0.00	0.00	0.00	0.00
Retained Earnings	679.03	648.60	611.17	570.40
Treasury Stock	0.00	0.00	0.00	0.00
Other Equity Adjustments	-20.47	-31.06	-38.11	-9.72
<b>Total Equity</b>	<b>1,357.24</b>	<b>1,133.26</b>	<b>1,086.14</b>	<b>1,071.13</b>
Total Capitalization	2,419.56	2,278.16	2,272.32	2,298.63
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>3,438.99</b>	<b>3,300.48</b>	<b>3,278.85</b>	<b>3,234.94</b>
<b>Additional Data</b>				
Cash Flow	300.59	314.62	347.68	
Working Capital	320.43	180.46	186.15	192.88
Free Cash Flow	101.61	50.48	255.45	219.01
Invested Capital	2,419.82	2,278.77	2,273.03	2,299.44
<b>Share Data</b>				
Shares Outstanding Common Class Only	144.01	127.93	127.91	127.91
Preferred Shares	0.00	0.00	0.00	0.00
Total Ordinary Shares	144.01	0.00	0.00	0.00
Total Common Shares Outstanding	144.01	127.93	127.91	127.91
Treasury Shares	0.00	0.00	0.00	0.00
Basic Weighted Shares Outstanding	128.27	127.92	128.69	127.90
Diluted Weighted Shares Outstanding	128.33	128.29	129.98	128.77

Source:

<http://cxa.marketwatch.com/TSX/en/Market/companyfinancials.aspx?symb=WJA&sid=2105455>

Table 2. Air Canada

Open:	1.250	Yield:	N/A
High:	1.250	EPS:	1.400
Low:	1.190	P/E Ratio:	0.857
Bid Price:	1.210	Ex Date:	N/A
Bid Size:	1	Dividend:	N/A

Ask Price:	1.240	52 Week High:	2.700 (1/12/2009)
Ask Size:	40	52 Week Low:	0.680 (4/1/2009)
Avg Volume:	213,200	Shares Out:	55.341 million
Quoted Market Value:			66.409 million

**Fundamentals**

08/12/2009

**Share Related Items**

Market Cap	57.459 million
Shares Out	47.487 million

**Per Share Data**

Current P/E Ratio	N/A
Cash Flow	N/A
Book Value	N/A
EBITDA	N/A

**Management Effectiveness**

Return on Equity (TTM)	N/A
Return on Assets (TTM)	N/A
Return on Investment (TTM)	N/A

**Profitability**

Gross Margin (TTM)	N/A
Operating Margin (TTM)	N/A
Profit Margin (TTM)	N/A

**Valuation Ratios**

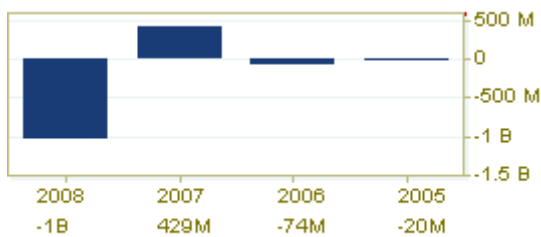
Price/Earnings (TTM)	N/A
Price/Book (TTM)	N/A
Price/Cash Flow (TTM)	N/A

TTM = Trailing 12 Months

**Annual Financials**

**Total Net Income  
Amounts in Millions**

**Basic EPS Total**



**Quarterly Financials for Air Canada**

Fiscal Year-End: 12/31

All amounts in millions except per share amounts.	Quarter 3 2009 09/2009	Quarter 2 2009 06/2009	Quarter 1 2009 03/2009	Quarter 4 2008 12/2008
<b>Operating Revenue</b>	2,670.00	2,330.00	2,391.00	2,498.00

Total Revenue	2,670.00	2,330.00	2,391.00	
Adjustment to Revenue	0.00	0.00	0.00	0.00
Cost of Sales	1,218.00	1,081.00	1,098.00	3,280.00
Cost of Sales with Depreciation	1,218.00	1,081.00	1,098.00	3,280.00
Gross Margin	1,452.00	1,249.00	1,293.00	
<b>Gross Operating Profit</b>	<b>1,452.00</b>	<b>1,249.00</b>	<b>1,293.00</b>	<b>-782.00</b>
SG&A	558.00	558.00	586.00	26.00
<b>Operating Profit before Depreciation (EBITDA)</b>	<b>894.00</b>	<b>691.00</b>	<b>707.00</b>	<b>-808.00</b>
Depreciation	171.00	165.00	159.00	174.00
Depreciation Unreconciled	171.00	165.00	159.00	174.00
Operating Income After Depreciation	723.00	526.00	548.00	-982.00
Interest Income	2.00	4.00	6.00	11.00
Other Income, Net	298.00	-276.00	-848.00	-500.00
Income Acquired in Process R&D	0.00			
Interest Restructuring and M&A	0.00			
Other Special Charges	-655.00	0.00	0.00	836.00
Total Income Avail. for Interest Expense (EBIT)	368.00	254.00	-294.00	-635.00
Interest Expense	88.00	92.00	104.00	82.00
<b>Income Before Taxes (EBT)</b>	<b>280.00</b>	<b>162.00</b>	<b>-398.00</b>	<b>-717.00</b>
Income Taxes	0.00	3.00	-2.00	6.00
Minority Interest	3.00	4.00	4.00	4.00
Net Income from Continuing Operations	277.00	155.00	-400.00	-727.00
Net Income from Discontinued Ops.	0.00	0.00	0.00	0.00
Net Income from Total Operations	277.00	155.00	-400.00	-727.00
Extraordinary Income/Losses	0.00	0.00	0.00	0.00
Income from Cum. Effect	0.00	0.00	0.00	0.00



of Acct. Chg.

Income from Tax Loss Carryforward	0.00	0.00	0.00	0.00
Other Gains (Losses)	0.00	0.00	0.00	0.00
<b>Total Net Income</b>	<b>277.00</b>	<b>155.00</b>	<b>-400.00</b>	<b>-727.00</b>
Normalized Income	932.00	155.00	-400.00	-1,563.00
Net Income Available for Common	277.00	155.00	-400.00	-727.00
Preferred Dividends	0.00	0.00	0.00	0.00

**Per Share Data**

	Quarter 3 2009 09/2009	Quarter 2 2009 06/2009	Quarter 1 2009 03/2009	Quarter 4 2008 12/2008
Basic EPS from Continuing Ops.	2.77	1.55	-4.00	-7.27
Basic EPS from Discontinued Ops.	0.00	0.00	0.00	0.00
Basic EPS from Total Operations	2.77	1.55	-4.00	-7.27
Basic EPS from Extraordinary Inc.	0.00	0.00	0.00	0.00
Basic EPS from Cum. Effect of Accounting Chg.	0.00	0.00	0.00	0.00
Basic EPS from Other Gains (Losses)	0.00	0.00	0.00	0.00
Basic EPS Total	2.77	1.55	-4.00	-7.27
Basic Normalized Net Income/Share	9.32	1.55	-4.00	-15.63
Diluted EPS from Continuing Ops.	2.44	1.55	-4.00	-7.27
Diluted EPS from Discontinued Ops.	0.00	0.00	0.00	0.00
Diluted EPS from Total Operations	2.44	1.55	-4.00	-7.27
Diluted EPS from Extraordinary Inc.	0.00	0.00	0.00	0.00
Diluted EPS from Cum. Effect of Accounting	0.00	0.00	0.00	0.00

Chg.

Diluted EPS from Other Gains (Losses)	0.00	0.00	0.00	0.00
Diluted EPS Total	2.44	1.55	-4.00	-7.27
Diluted Normalized Net Income/Share	8.21	1.55	-4.00	-15.63
Dividends Paid per Share	0.00	0.00	0.00	0.00

**Quarterly Financials for Air Canada**

**Fiscal Year-End: 12/31**

All amounts in millions except per share amounts.	Quarter 3 2009 09/2009	Quarter 2 2009 06/2009	Quarter 1 2009 03/2009	Quarter 4 2008 12/2008
<b>Assets</b>				
Cash and Equivalents	1,042.00	488.00	600.00	499.00
Marketable Securities	167.00	419.00	487.00	506.00
Other Receivable	736.00	748.00	714.00	
Receivables	736.00	748.00	714.00	702.00
Inventories	108.00	120.00	148.00	97.00
Current Deferred Income Taxes	0.00	0.00	0.00	0.00
Other Current Assets	402.00	325.00	399.00	599.00
<b>Total Current Assets</b>	<b>2,455.00</b>	<b>2,100.00</b>	<b>2,348.00</b>	<b>2,403.00</b>
Gross Fixed Assets (Plant, Prop. & Equip.)	6,899.00	7,180.00	7,394.00	9,329.00
Accumulated Depreciation & Depletion	0.00	0.00	0.00	1,860.00
Net Fixed Assets	6,899.00	7,180.00	7,394.00	7,469.00
Intangibles	920.00	926.00	993.00	997.00
Other Non-Current Assets	500.00	507.00	507.00	495.00
<b>Total Non Current Assets</b>	<b>8,319.00</b>	<b>8,613.00</b>	<b>8,894.00</b>	<b>8,961.00</b>
<b>Total Assets</b>	<b>10,774.00</b>	<b>10,713.00</b>	<b>11,242.00</b>	<b>11,364.00</b>

**Liabilities**

	Quarter 3 2009 09/2009	Quarter 2 2009 06/2009	Quarter 1 2009 03/2009	Quarter 4 2008 12/2008
Accounts Payable	1,240.00	1,282.00	1,577.00	1,440.00
Short Term Debt	500.00	563.00	617.00	663.00
Other Current Liabilities	1,358.00	1,658.00	1,719.00	1,753.00
<b>Total Current Liabilities</b>	<b>3,098.00</b>	<b>3,503.00</b>	<b>3,913.00</b>	<b>3,856.00</b>
Long Term Debt	4,496.00	4,438.00	4,889.00	4,691.00
Deferred Income Taxes	87.00	87.00	87.00	88.00
Other Non-Current Liabilities	1,727.00	1,730.00	1,671.00	1,777.00

Minority Interest	197.00	194.00	192.00	190.00
<b>Total Non-Current Liabilities</b>	<b>6,507.00</b>	<b>6,449.00</b>	<b>6,839.00</b>	<b>6,746.00</b>
<b>Total Liabilities</b>	<b>9,605.00</b>	<b>9,952.00</b>	<b>10,752.00</b>	<b>10,602.00</b>
<b>Shareholders' Equity</b>				
Preferred Shareholders' Equity	0.00	0.00	0.00	0.00
Common Shareholders' Equity	1,169.00	761.00	490.00	762.00
Common Par	0.00	0.00	0.00	274.00
Additional Paid In Capital	2,109.00	2,072.00	2,071.00	1,797.00
Cumulative Translation Adjustment	0.00	0.00	0.00	0.00
Retained Earnings	-671.00	-948.00	-1,103.00	-703.00
Treasury Stock	0.00	0.00	0.00	0.00
Other Equity Adjustments	-269.00	-363.00	-478.00	-606.00
<b>Total Equity</b>	<b>1,169.00</b>	<b>761.00</b>	<b>490.00</b>	<b>762.00</b>
Total Capitalization	5,665.00	5,199.00	5,379.00	5,453.00
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>10,774.00</b>	<b>10,713.00</b>	<b>11,242.00</b>	<b>11,364.00</b>
<b>Additional Data</b>				
Cash Flow	-26.00	-430.00	-455.00	-331.00
Working Capital	-643.00	-1,403.00	-1,565.00	-1,453.00
Free Cash Flow	-175.00	93.00	233.00	-985.00
Invested Capital	5,665.00	5,199.00	5,379.00	5,453.00
<b>Share Data</b>				
Shares Outstanding Common Class Only	198.40	198.40	198.40	84.52
Preferred Shares	0.00	0.00	0.00	0.00
Total Ordinary Shares	0.00	0.00	0.00	0.00
Total Common Shares Outstanding	198.40	198.40	198.40	100.00
Treasury Shares	0.00	0.00	0.00	0.00
Basic Weighted Shares Outstanding	100.00	100.00	100.00	100.00
Diluted Weighted Shares Outstanding	113.52	100.00	100.00	100.00

Source:

<http://cxa.marketwatch.com/TSX/en/Market/companyfinancials.aspx?symb=AC.A&sid=2473270>

Graph 1 WestJet Airlines



Source:

<http://cxa.marketwatch.com/TSX/en/Market/intchart.aspx?symb=WJ&sid=2105455>

Graph 2 Air Canada



Source:

<http://cxa.marketwatch.com/TSX/en/Market/intchart.aspx?symb=AC.A&sid=2473270>