



NATIONAL AIRLINES COUNCIL OF CANADA
CONSEIL NATIONAL DES LIGNES AÉRIENNES DU CANADA

**COMPETITION LAW COMPLIANCE POLICY OF
THE NATIONAL AIRLINES COUNCIL OF CANADA**

Agreed to by Air Canada, Air Transat, Jazz Air LP, and WestJet on June 18, 2008

Approved by the Board of Directors November 25, 2008

Revised version, approved by the Board of Directors November 25, 2008

BACKGROUND

WestJet, Air Canada, Air Transat and Jazz Air LP (the "**NACC Proponents**") have formed THE NATIONAL AIRLINES COUNCIL OF CANADA (the "**NACC**"), a new air carrier association that will focus on issues of concern to national and international passenger air carriers, that hold the required licenses to operate domestic and international scheduled passenger air services, and that become members ("**Members**") of NACC.

OBJECTIVES AND MANDATE

The objectives of NACC are to:

- promote the development of sound public policy with respect to the air carrier passenger services provided by the Members in, to and from Canada; and
- serve as a voice of its Members when engaging or otherwise dealing with government and non-government stakeholders on any matter, including all public policy, legislative, safety and regulatory issues that impact the Members.

STATEMENT OF INTENTION TO COMPLY WITH COMPETITION LAWS

In working together towards the formation of NACC, and upon the formation of NACC, NACC Proponents, NACC and the Members intend to operate in compliance with all applicable laws, regulations and directives, including all applicable competition laws and regulations made thereunder ("**Competition Laws**").

In support of their respective intentions to comply with Competition Laws, NACC Proponents hereby adopt the Competition Law compliance guidelines set out below ("**Compliance Guidelines**"). The Compliance Guidelines will be strictly followed by NACC Proponents and Members in connection with the formation of NACC and the carrying out of its activities.



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NACC Proponents, as the initial Members of NACC, further agree that the Compliance Guidelines will be adopted by NACC and will apply and be strictly adhered to by the Members in connection with their participation in NACC activities.

COMPETITION LAW COMPLIANCE GUIDELINES

To avoid violation of any Competition Laws and to prevent any appearance that anticompetitive activity among any of the Members may be taking place, every Member or other participant in NACC's meetings or activities must adhere to the following Compliance Guidelines at all times, including during any informal or social gatherings where Members and other NACC participants happen to meet.

- 1. NACC Activities.** The activities of NACC and of its Members are not intended to prevent, limit, restrain, injure, lessen or to otherwise have an adverse effect on competition, either by purpose or effect.
- 2. NACC and Committees.** Neither NACC nor any of its committees or activities shall be used, directly or indirectly, for the purpose of bringing about or attempting to bring about any understanding or agreement, written or oral, formal or informal, express or implied, between and among competitors with regard to all matters dealing with competitively sensitive issues, including, without limitation, **prices**, as well as all elements connected to or related to pricing, including, without limitation:
 - (a) **price components**, including, without limitation, input prices and sources, fares, fees, rates, charges or surcharges, fees schedules, pricing policies, pricing formulas and pricing initiatives;
 - (b) **pricing methods**, including, without limitation, any and all terms or conditions of sale, including discounts, discount structures and credit terms, or other competitive terms of sale (for example rebates);
 - (c) **cost/revenue data**, including, without limitation, current/future profits and profit margins or profitability targets on any services, products or projects;
 - (d) **capacity**, including, without limitation, capacity of any kind, including cargo or passengers;
 - (e) **plans**, including, without limitation, marketing and capital investment plans, budgets, forecasts, planned price changes, product or service/product development plans, business strategy, or strategies or policies, including relating to competitors;
 - (f) **supplying of products/services**, including, without limitation, quality, cost or revenue of supplying products/services, licensing of products or services;



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- (g) **markets/customers**, including, without limitation, market shares, identity of customers or suppliers or potential customers or suppliers, distribution, territories, allocation of territories, city pairs;
- (h) **channels or methods of distribution**;
- (i) **research and development/production and sales**, including, without limitation, the timing and the limitation on the timing, cost or volume of research, production or sales;
- (j) **complaints** about another competitor, whether or not a Member or potential Member; and
- (k) any other information that would materially influence conduct in the marketplace.

(collectively the "**Restricted Subjects**")

Prohibited Discussions at NACC Members' Meetings and Information Gatherings. During any meeting of NACC or during any informal gathering or social gathering where one or more members or other NACC participants meet there shall be no discussions or communications of any form whatsoever regarding or involving competitively-sensitive issues, including, without limitation, the Restricted Subjects. If a Member is concerned that a discussion in a meeting of Members may involve or lead to a discussion of a Restricted Subject, the Member must advise the Chair and the Chair must terminate the discussion and arrange for the matter to be reviewed by legal counsel.

3. Collection of Data. Activities undertaken by NACC that pertain to the collection of data supplied by the Members or non-Members, as applicable, shall:

- (a) be voluntary and shall include historical data only;
- (b) be collected by an independent third party;
- (c) be presented to the Members only in aggregated form, with no individual Members identified;
- (d) generally be made available to non-Members for a reasonable fee; and
- (e) be analyzed separately by each Member for the purpose of making independent business decisions based on the data.



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4. **Independent Judgment.** Each Member is obligated and required to exercise its independent business judgment in pricing its services or products, dealing with its customers and suppliers, and choosing the markets in which it will compete. A Member will not inform other members of its future business or plans.
5. **No Boycotts.** No activity or communication of NACC, or any of its Members in connection with their participation in NACC, shall include any discussion or statement which could reasonably be construed as an agreement or understanding among Members to refrain, or to encourage other Members to refrain, from purchasing any raw materials, product, equipment, services or other supplies from any supplier or from dealing with any supplier.
6. **Free Market Access.** No activity or communication of NACC, or that of its Members in connection with their participation in NACC, shall include any discussion which could reasonably be construed as an attempt to prevent any person or business entity from gaining access to any market, city pair or customer for goods and services, or to prevent any business entity from obtaining a supply of goods or services or otherwise purchasing goods or services freely in the market. (This paragraph is not intended to preclude a member from disclosing and asserting its intellectual property rights.)
7. **NACC Membership.** The qualifications for membership will be set forth in the by-laws of NACC. No applicant for membership that meets the qualifications set forth in the by-laws and pays the applicable membership fees shall be denied membership. No Member shall be excluded from a working group of NACC for an anti-competitive reason or purpose.
8. **Standards and Specifications.**
 - (a) To the extent that NACC develops, promulgates, approves, or adopts proposed standards or specifications, adherence to such proposed standards or specifications shall be voluntary on the part of its Members, and shall in no way be compelled or coerced by NACC or any committee or Member thereof, it being solely a voluntary and unilateral decision on the part of the particular Member or Members as to whether to adhere to or comply with any such proposed standard or specification. Any such standards or specifications shall generally be made available to non-Members for a reasonable fee.
 - (b) Any specifications or standards that may be developed, promulgated, approved, or adopted by NACC in order to effectuate its purposes shall be based upon relevant considerations, and shall not be based upon any effort, intention, purpose or effect to prevent, limit, restrain, injure, lessen, or to otherwise have an undue adverse effect on competition or to otherwise unreasonably reduce or eliminate competition in the sale, supply and furnishing of products and services.



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- (c) Any standards or specifications should focus on technical and operational factors and avoid unnecessarily addressing commercial factors. If Members compete on the basis of a difference that will be eliminated by a standard or specification, the standard or specification should be reviewed by antitrust counsel before it is adopted.
 - (d) NACC shall not impose sanctions for the violation of, nor shall it enforce compliance with, standards or specifications developed, promulgated, approved, or adopted by NACC.
- 9. Public Statements.** No person is authorized to make any official or any public statement on behalf of NACC, including any matter concerning the implementation and application of the Compliance Guidelines unless such authority is specifically conferred in writing by the Board of Directors.
- 10. NACC Meeting Agendas and Minutes.** In conducting any meeting of the Board of Directors, the Executive Committee, the Members entitled to vote ("**Voting Members**"), or any other sub-committee, the Chair or Secretary of each such meeting shall prepare and follow a formal agenda ("**Agenda**") and such meetings will have a clear and legitimate NACC purpose. Minutes of all such meetings shall be maintained, accurately reflecting the subjects discussed and action taken at such meetings ("**Minutes**"). All such Minutes shall be promptly made available to Voting Members who shall be entitled to comment and propose corrections to the extent that the Minutes do not accurately reflect the subjects that were discussed or the actions that were taken. Revised Minutes shall be promptly circulated. NACC shall keep and maintain the originals of Agendas and of the Minutes in a secured location for access to its Voting Members.
- 11. Acknowledgement of the Compliance Guidelines.** At the beginning of every calendar year each Member shall sign a certificate indicating that the Member has read, understands and will commit to complying fully with these Compliance Guidelines.
- 12. Disclosure of Information.** During the course of the activities of NACC, no Member will disclose any information to any other Member that can be construed in its use as having any anti-competitive purpose.

Individual Member Guidelines / Compliance Guidelines. NACC and its Members consider it appropriate that they individually and independently maintain their own competition law compliance programs and all other applicable conformity policies and guidelines, in compliance with the competition laws applicable to the Member.