

ACE AVIATION 

Fourth Quarter and Full Year 2005

February 10, 2006

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- Revenue Highlights
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ACE Operating Results Deteriorate By \$32 mln – Unable to Offset All \$146 mln Fuel Increase

Consolidated

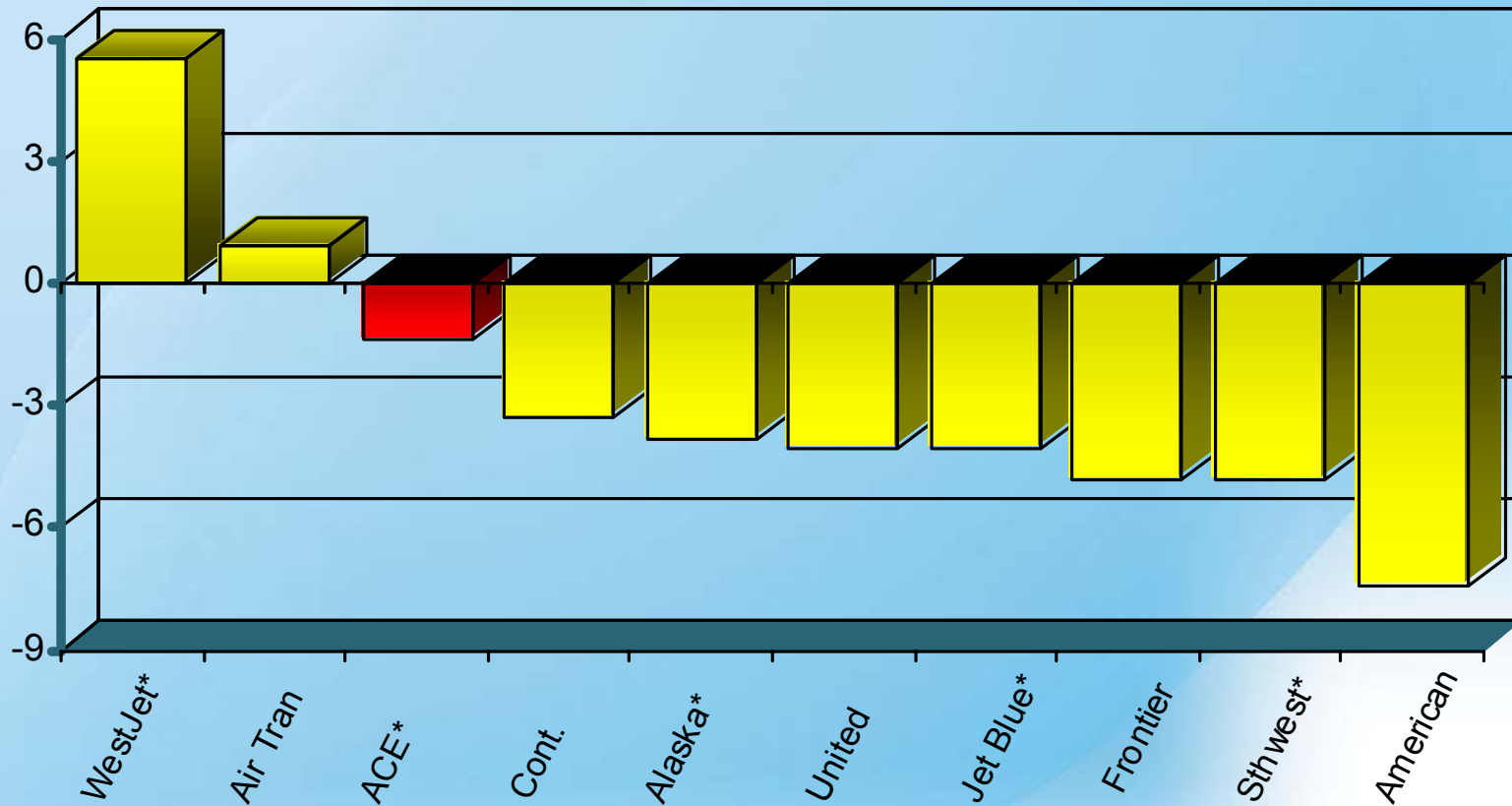
<i>(millions)</i>	Q4 2005	Q4 2004	Change Fav./Unfav.)
Oper. Revenue	\$ 2,362	\$ 2,062	\$ 300
Oper. Expense	2,397	2,065	(332)
Oper. Income	(35)	(3)	(32)
Non-oper. Income (Expense)	(88)	(47)	(41)
Inc. (Loss) Before Reorg., FX & Tax	(123)	(50)	(73)
Non-controlling Interest	(8)	-	(8)
FX Gain (Loss)	(11)	78	(89)
Income (Loss) Before Tax	\$ (142)	\$ 28	\$ (170)

Q4 Non-Op Unfavourable \$41 mln Primarily Due Write Down of Inactive Acft & Spare Parts

<i>(millions)</i>	Q4 2005	Change Fav./ (Unfav.)
Net Interest Inc. (Exp.)	\$ (62)	\$ (15)
Gain (Loss) on Sale	(30)	(30)
Other Non-Operating Inc. (Exp.)	4	4
Total Non-Operating Inc. (Exp.)	\$ (88)	\$ (41)

ACE's Q4 Operating Margin Close to North American Industry Best

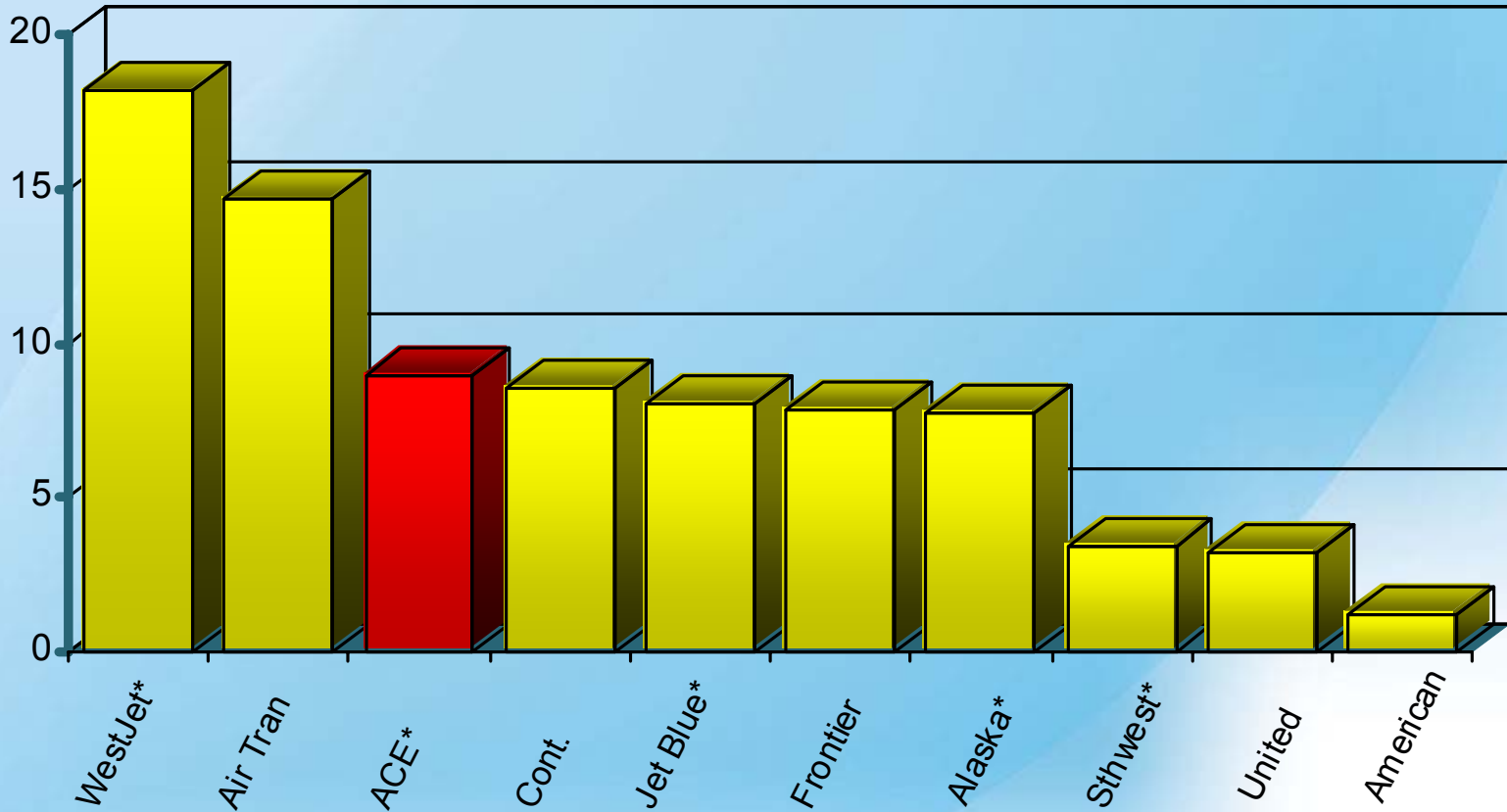
% Operating Margin



* Adjusted for non recurring & special items

ACE's Q4 EBITDAR Margin of 8.9% Close to Top

% EBITDAR Margin



* Adjusted for non recurring & special items

Q4 2005*

Actual vs Prior Year (1)

Consolidated

	ASMs	RPMs	PLF	Yield	RASM	Rev
Canada	↑ 6.7%	↑ 7.2%	↑ 0.4 PP	↑ 11.6%	↑ 12.2%	↑ 19.6%
US Transborder	↑ 8.1%	↑ 12.2%	↑ 2.7 PP	↑ 9.3%	↑ 13.6%	↑ 22.7%
Atlantic	↑ 11.2%	↑ 13.3%	↑ 1.4 PP	↑ 0.3%	↑ 2.1%	↑ 13.6%
Pacific	↑ 5.3%	↑ 6.7%	↑ 1.0 PP	↑ 0.4%	↑ 1.8%	↑ 7.1%
Latin Amer. & Other	↑ 7.6%	↑ 7.7%	0.0 PP	↑ 5.4%	↑ 5.4%	↑ 12.1%
Total (including Aeroplan)	↑ 7.8%	↑ 9.3%	↑ 1.2 PP	↑ 7.1%	↑ 8.7%	↑ 17.2%
			Total Expense			↑ 16.1%
			Total CASM		↑ 7.8%	
			Total CASM excl. Fuel		↑ 3.6%	

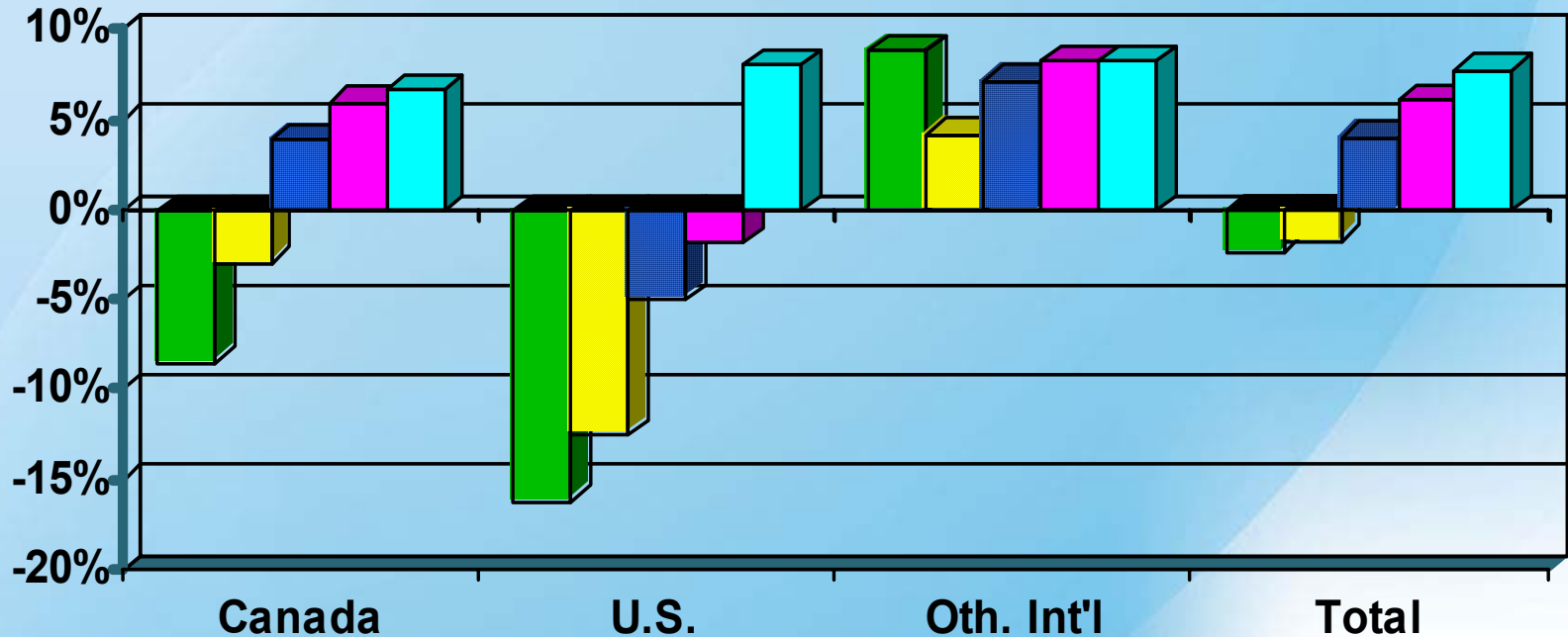
* Preliminary and subject to change.

1) Beginning in Oct 2004, Aeroplan air redemption revenues are recorded in psgr. revenues. Previously, these revenues were recorded in incidental revenues.

U.S. Transborder Capacity Up 8.1% After a Year of Contraction

(Y-O-Y Changes in Consolidated Capacity)

% Change in ASMs

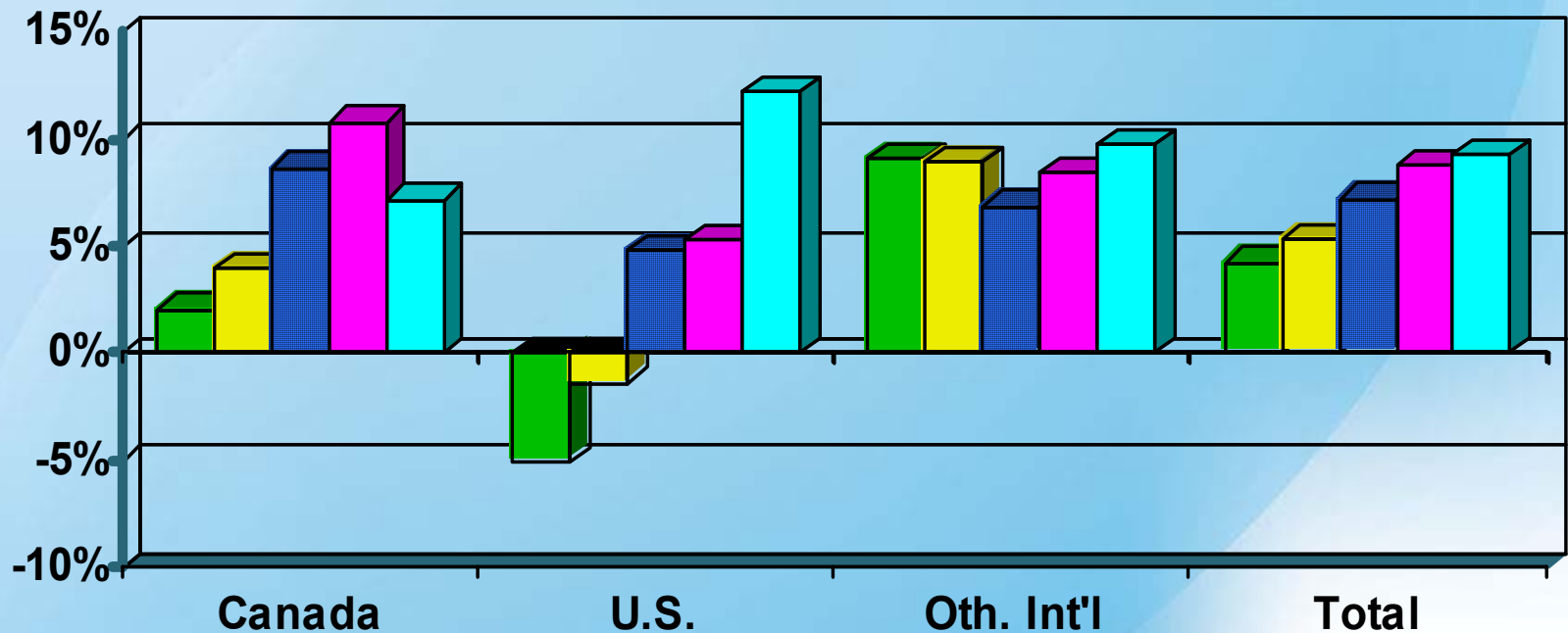


■ Q4 2004/2003
 ■ Q1 2005/2004
 ■ Q2 2005/2004
 ■ Q3 2005/2004
 ■ Q4 2005/2004

U.S. Transborder Traffic Up Sharply While Domestic and International Remain Strong

(Y-O-Y Changes in Consolidated Traffic)

% Change in RPMs

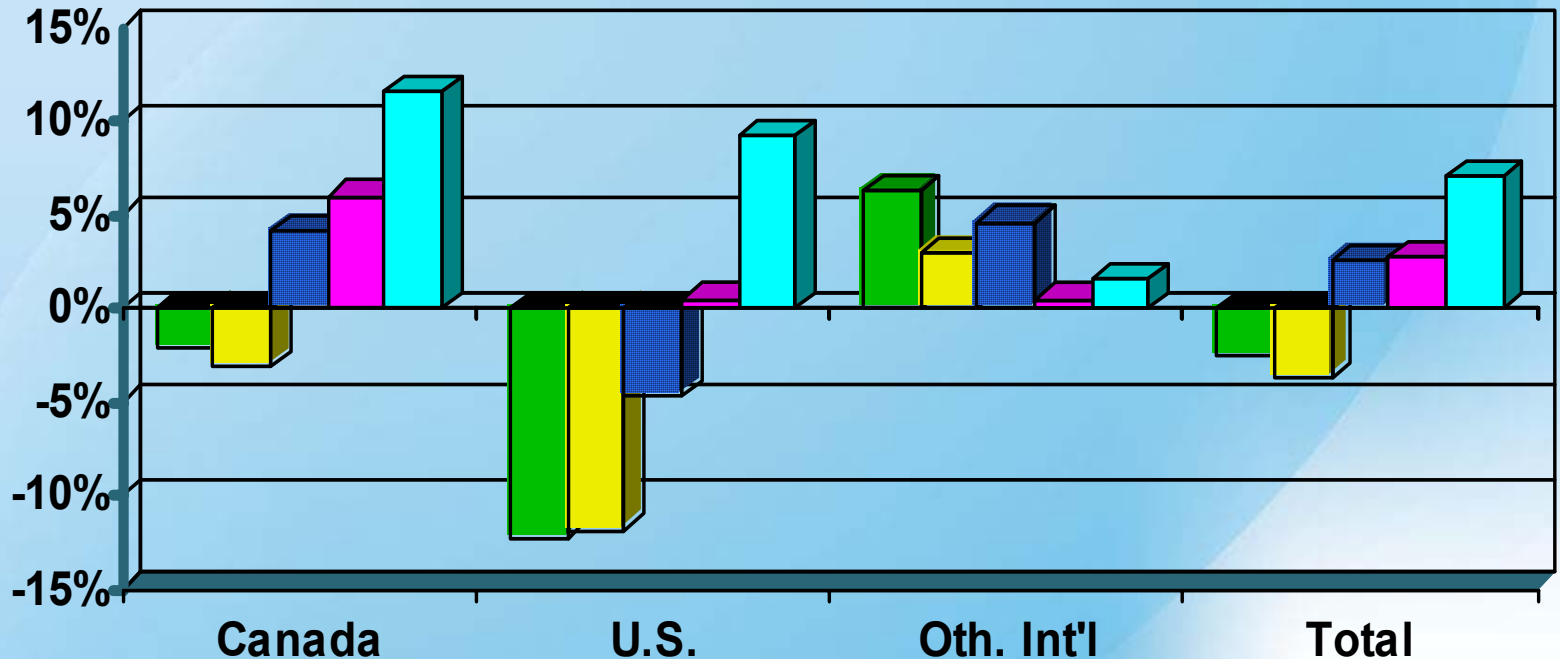


■ Q4 2004/2003
 ■ Q1 2005/2004
 ■ Q2 2005/2004
 ■ Q3 2005/2004
 ■ Q4 2005/2004

Very Strong North America Yields Drive 7.1% System Growth

(Y-O-Y Changes in Consolidated Passenger Yield)

% Change in Yield

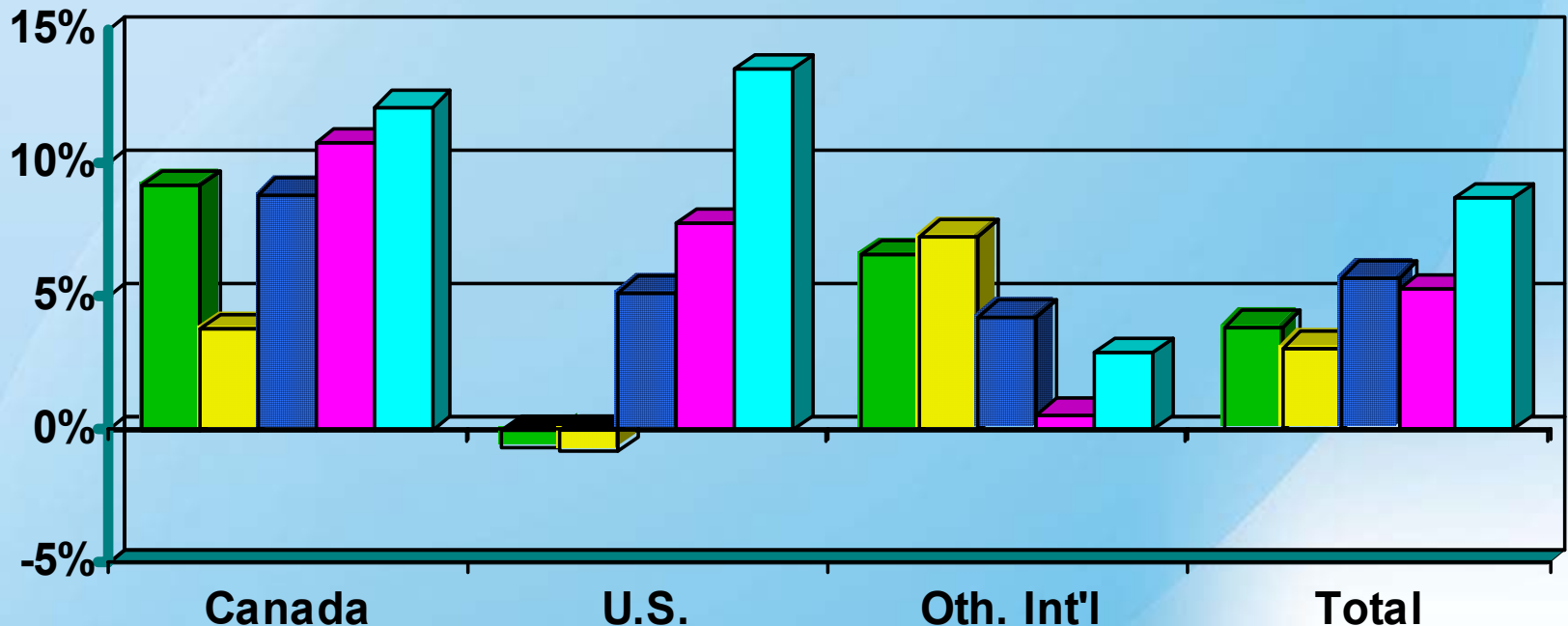


■ Q4 2004/2003
 ■ Q1 2005/2004
 ■ Q2 2005/2004
 ■ Q3 2005/2004
 ■ Q4 2005/2004

North America RASMs Up Sharply Due Much Higher Yields But Also Improved Load Factors

(Y-O-Y Changes in Consolidated Revenue per ASM)

% Change in RASM

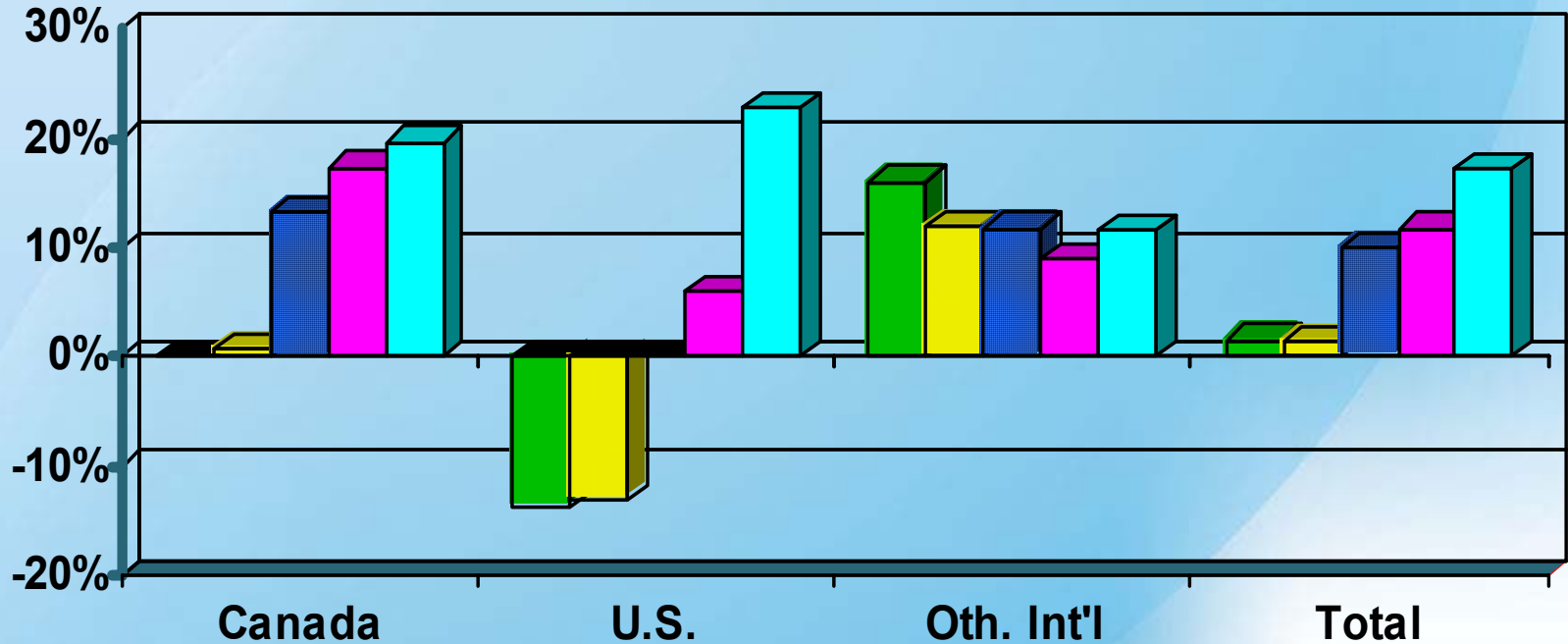


■ Q4 2004/2003
 ■ Q1 2005/2004
 ■ Q2 2005/2004
 ■ Q3 2005/2004
 ■ Q4 2005/2004

North America Revenue Growth Accounts For ¾ of Quarterly Revenue Increase

(Y-O-Y Changes in Consolidated Passenger Revenue)

% Change in Revenue

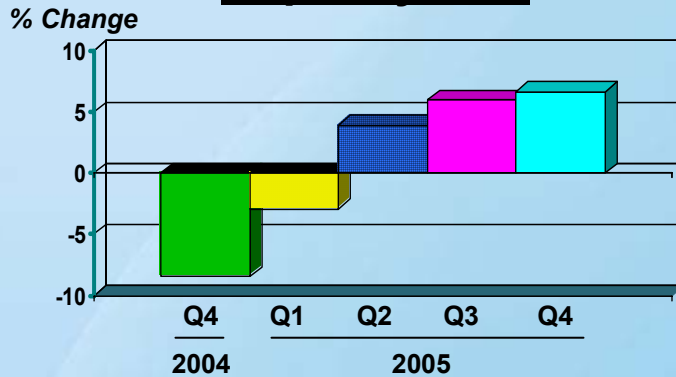


■ Q4 2004/2003
 ■ Q1 2005/2004
 ■ Q2 2005/2004
 ■ Q3 2005/2004
 ■ Q4 2005/2004

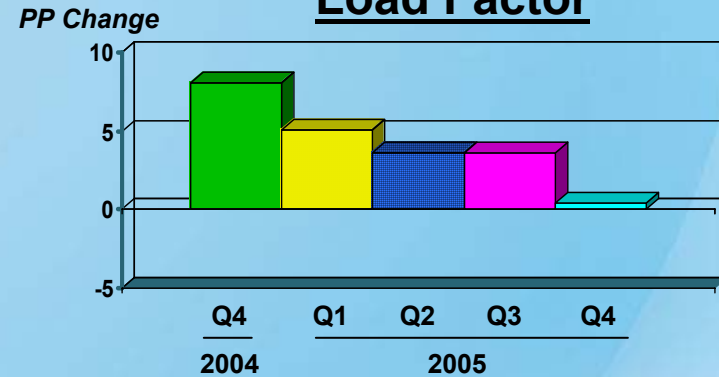
Canada* – Q4 RASM Up 12.2% on 11.6% Increase in Yield

Y-O-Y Change

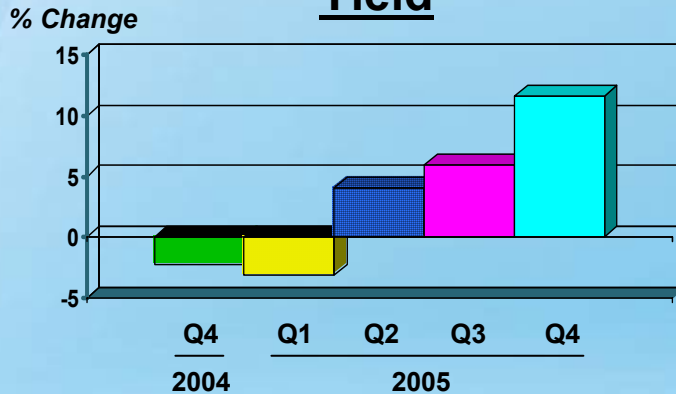
Capacity (ASM)



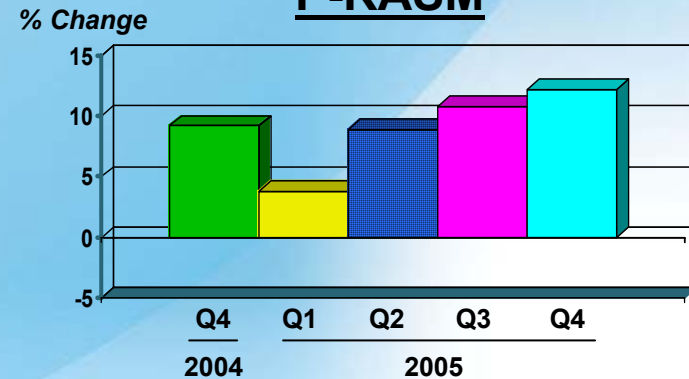
Load Factor



Yield

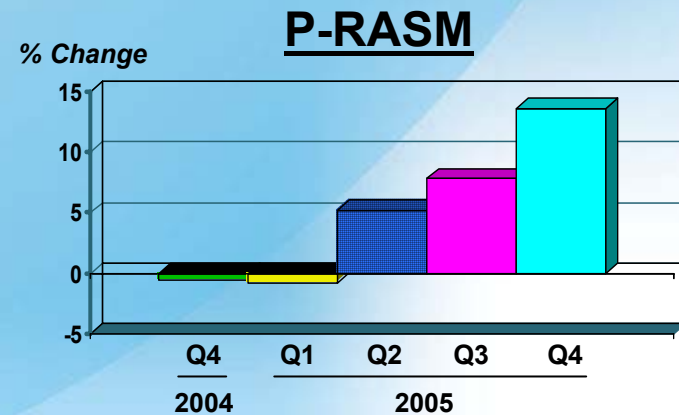
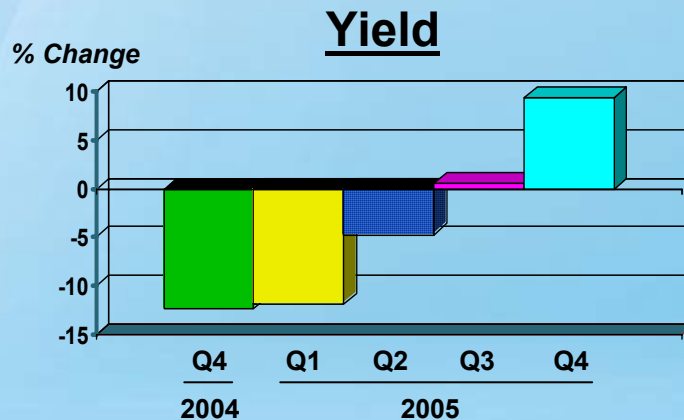
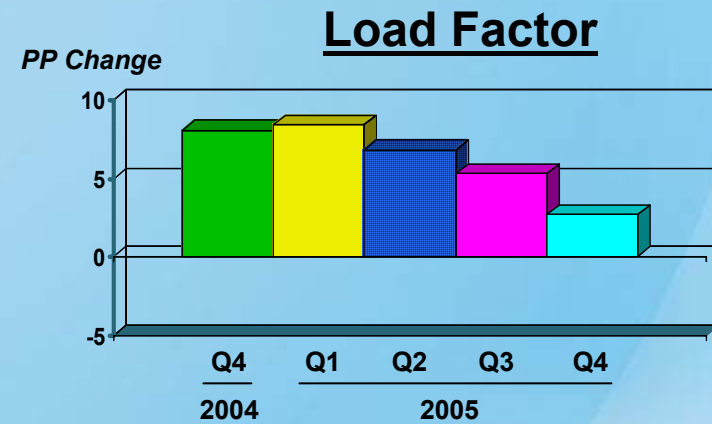
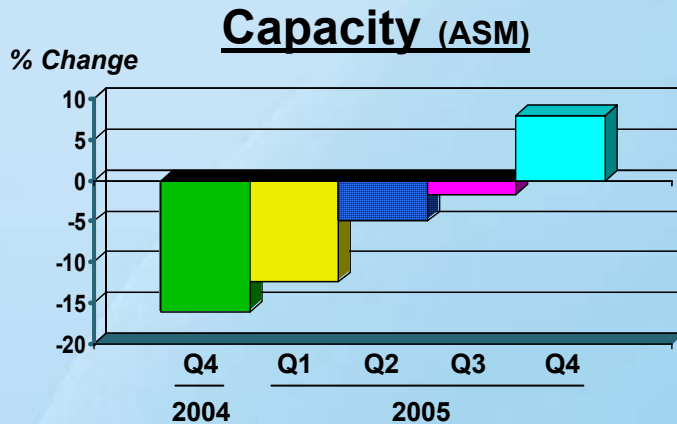


P-RASM



US Transborder* – RASM Up Sharply on Very Strong Yield and Improved Load Factor

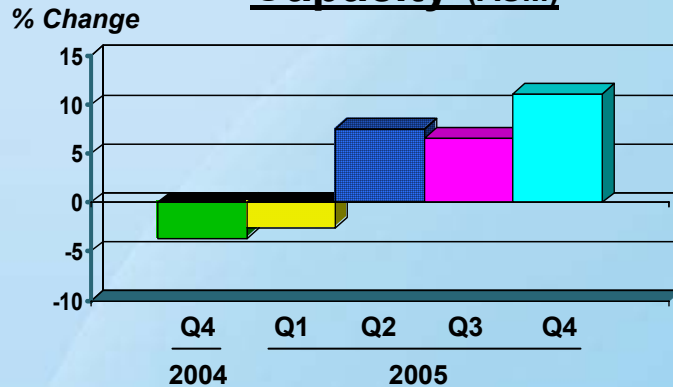
Y-O-Y Change



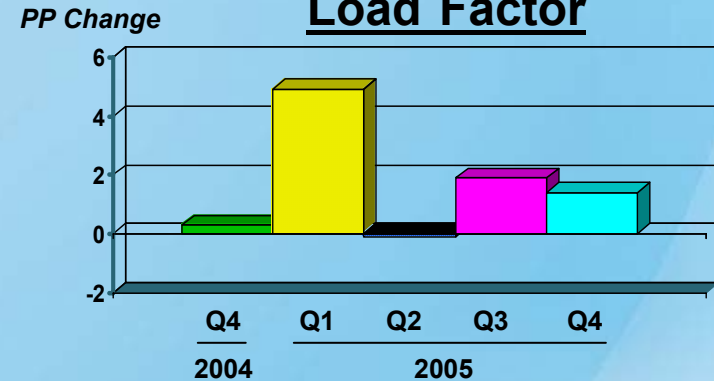
Atlantic – Higher L.F. Offsets Flat Yield to Keep RASM Rising

Y-O-Y Change

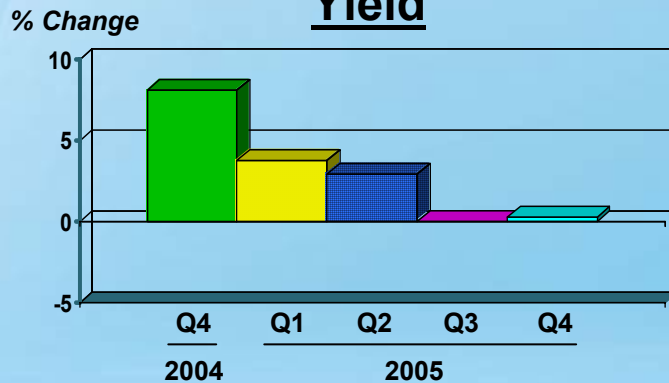
Capacity (ASM)



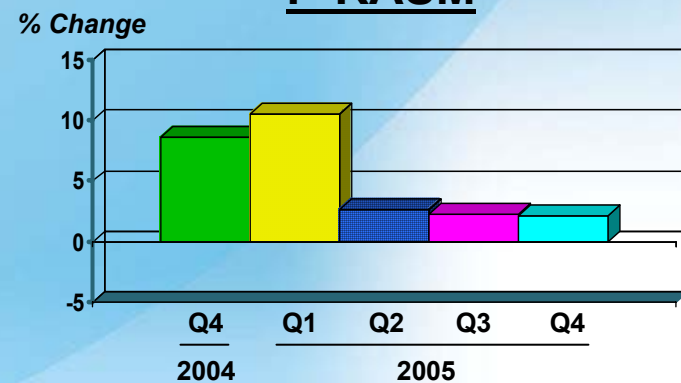
Load Factor



Yield



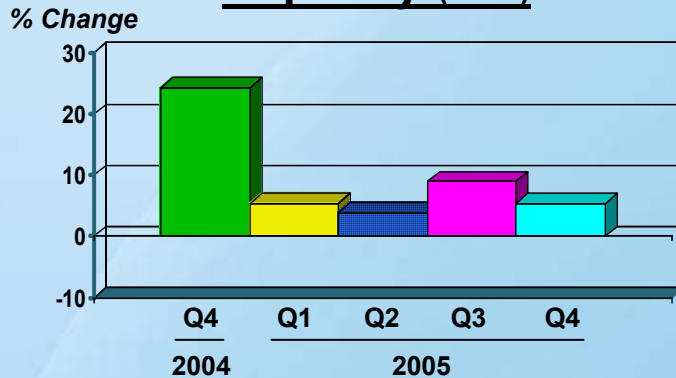
P-RASM



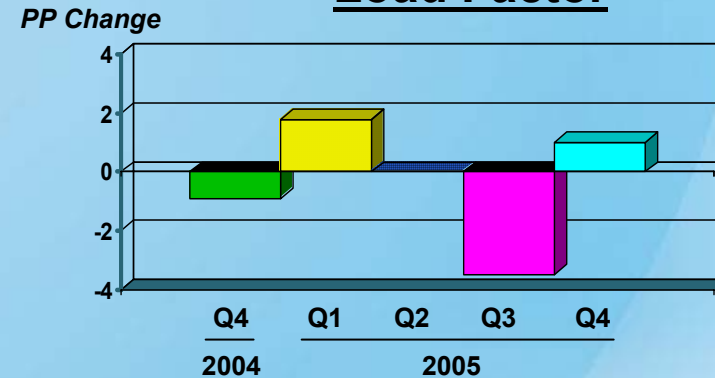
Pacific – Strong Demand and a Higher Load Factor Lifts RASM Into Positive Territory Again

Y-O-Y Change

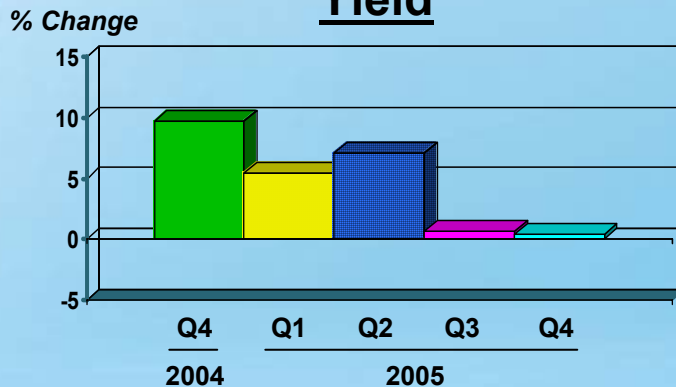
Capacity (ASM)



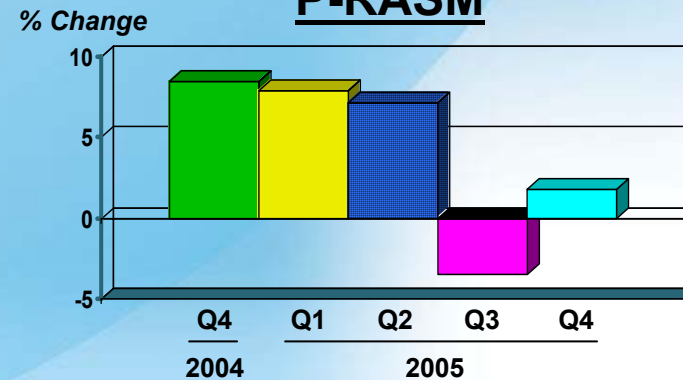
Load Factor



Yield



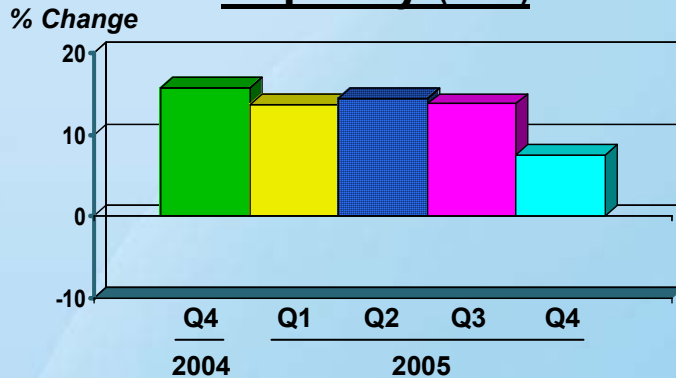
P-RASM



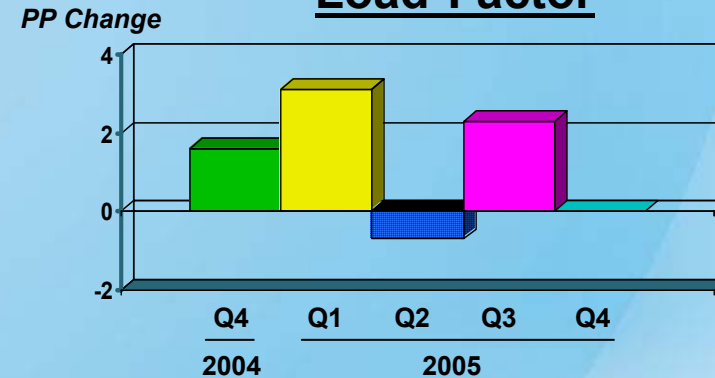
Caribbean, Latin America & Australia – 5.4% RASM Growth All Due Yield

Y-O-Y Change

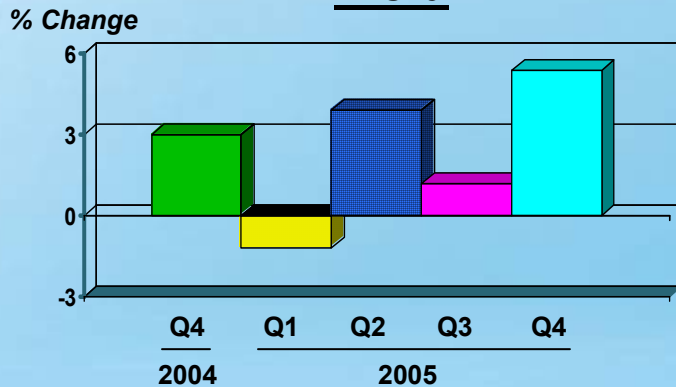
Capacity (ASM)



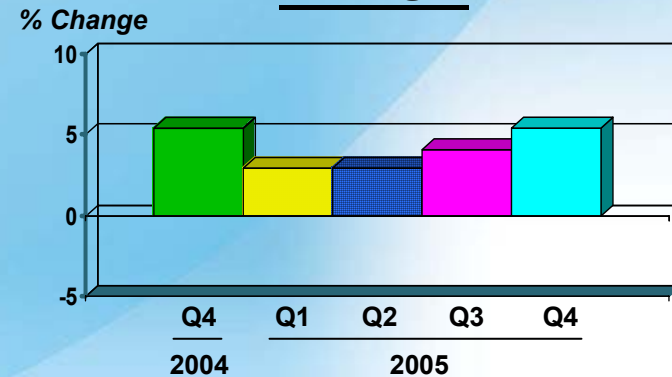
Load Factor



Yield

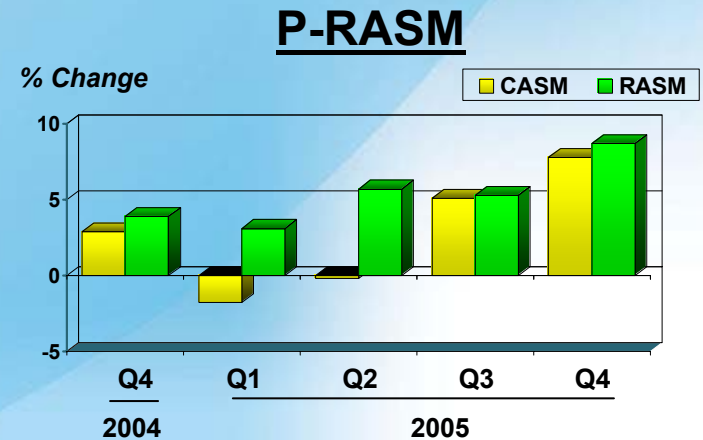
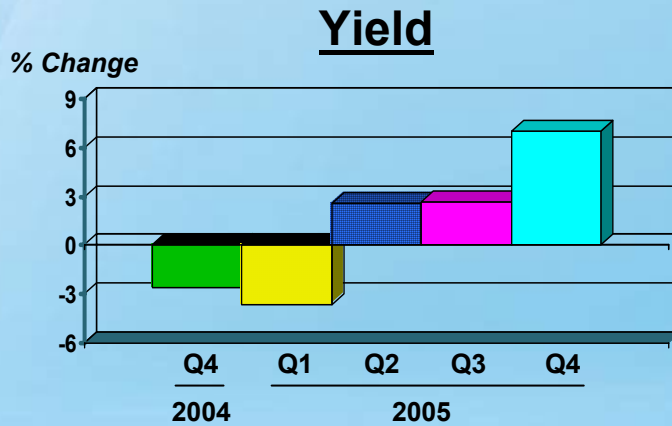
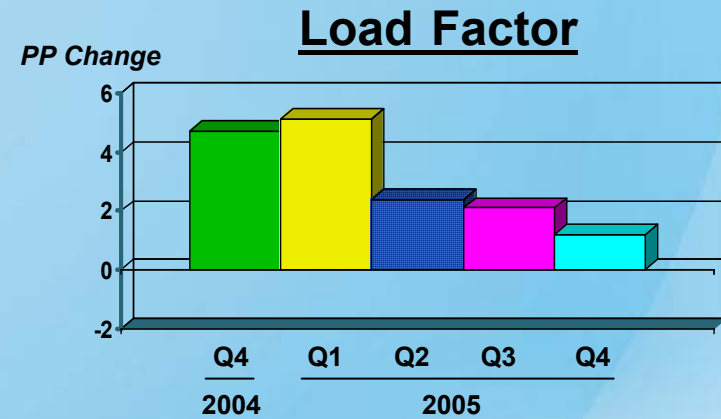
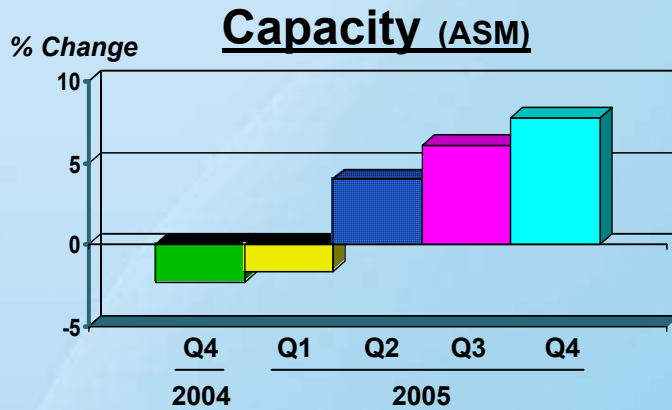


P-RASM



Total* – System RASM Up Mostly on Strong Yield

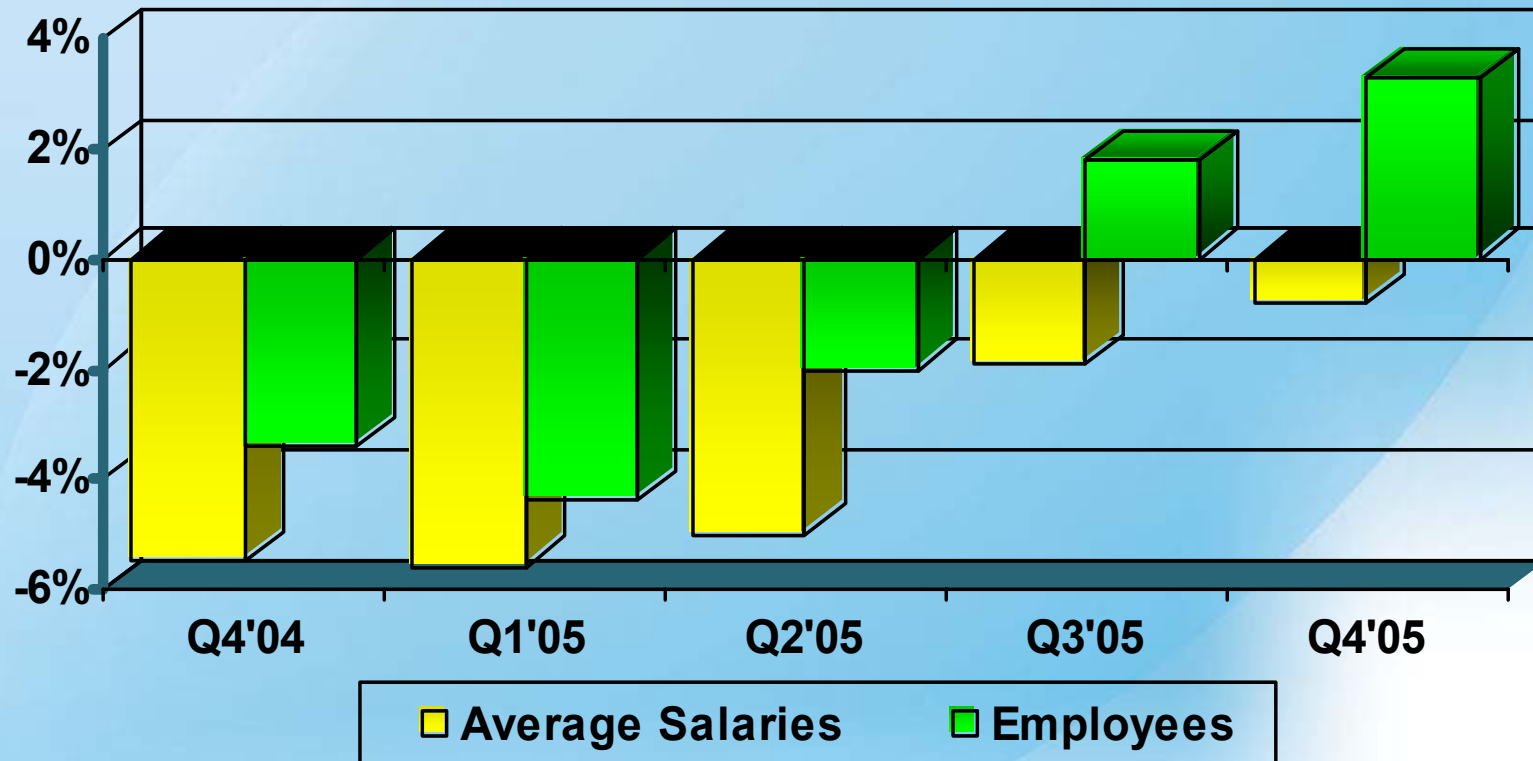
Y-O-Y Change



Average Salary Down 0.8%, Employee Levels Up 1099 or 3.3%

(Y-O-Y Change – Average Salaries* & Employees*)

% Change Y-O-Y

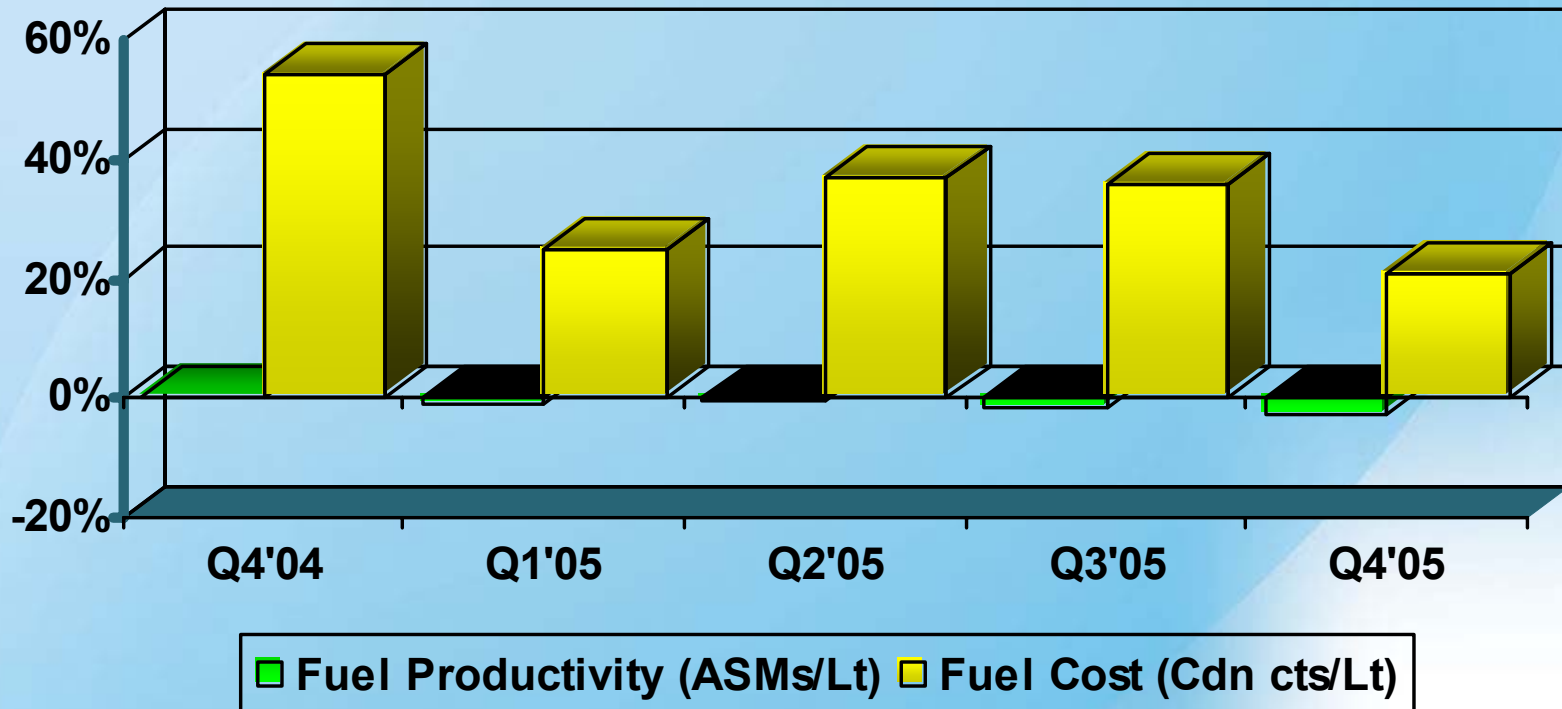


*Q3 and Q4'05 consolidated - prior quarters, mainline (excluding Jazz)

Cost/Litre Up 20.8% While Fuel Prod. Decl. 2.6%. Embraer & CRJ Expansion + Two Add. Freighters

(Fuel Productivity* & Unit Cost*)

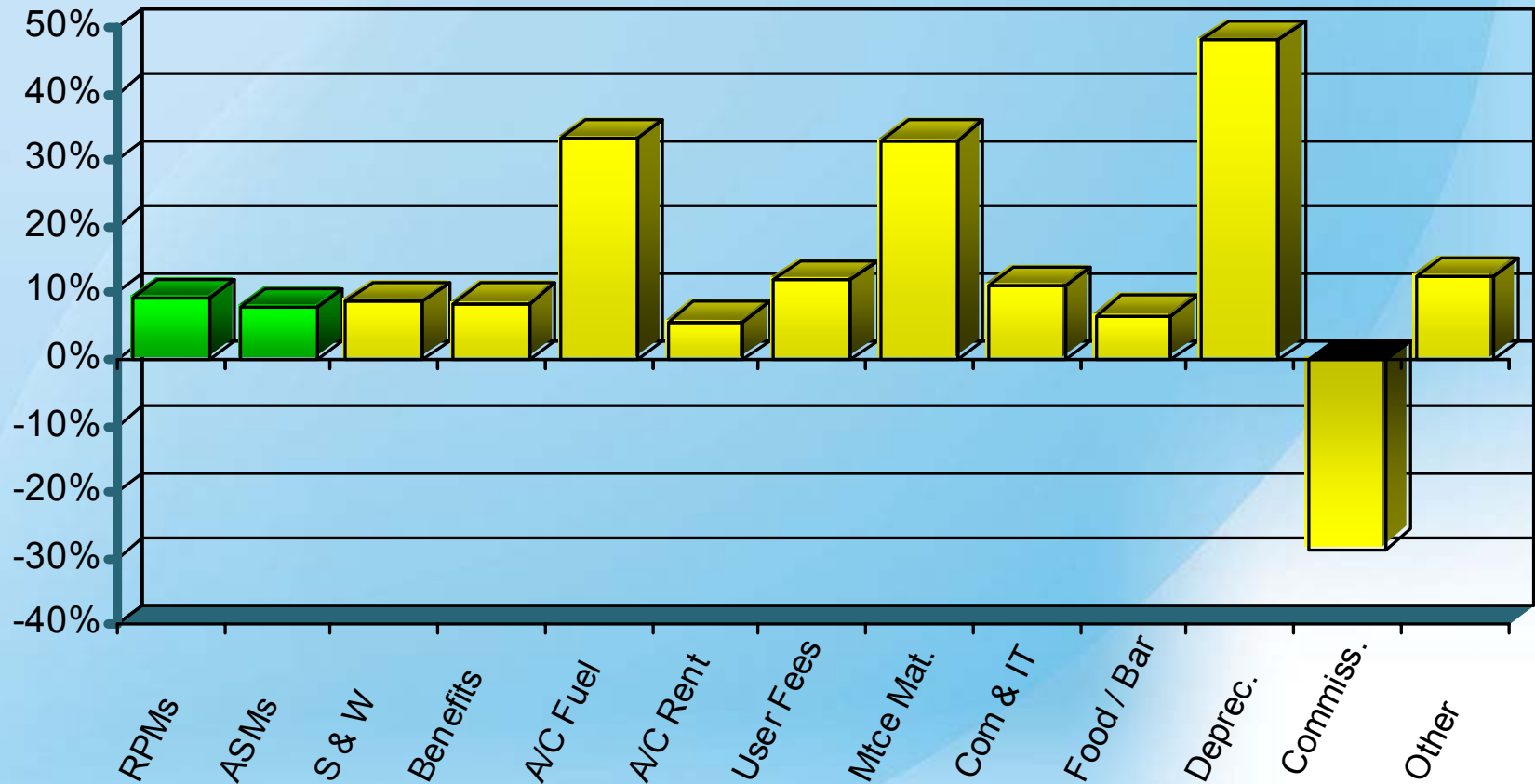
% Change Y-O-Y



*Q3 and Q4'05 consolidated - prior quarters, mainline (excluding Jazz)

Higher Terminal Handling Charges and Credit Card Fees Help Push Up "Other" Cat.

% Change Y-O-Y



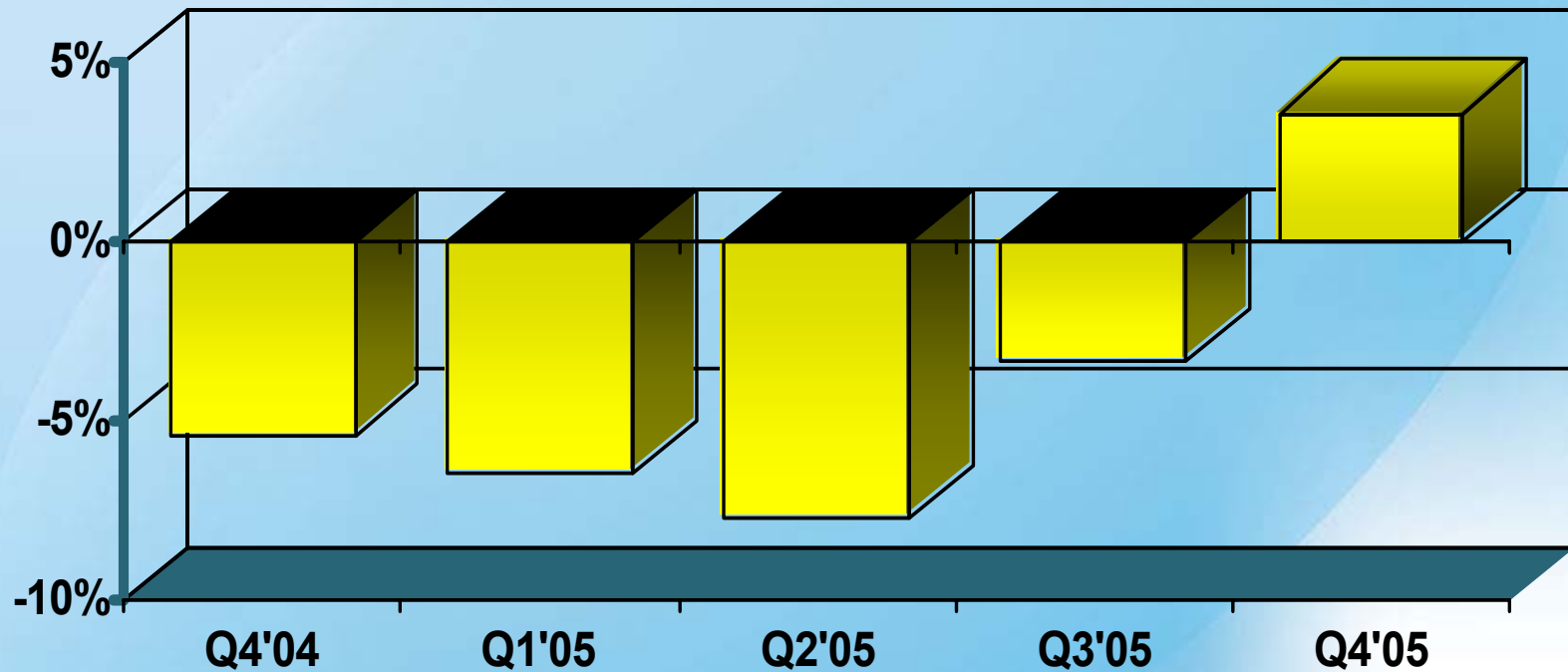
Consolidated

Q4 2005/2004

Unit Cost Excl. Fuel, Up 3.6% Due Higher Ownsp. Chrgs., Incr. Mtce., Cr. Card Fees & New Uniforms

(Cost Per ASM*)

% Change Y-O-Y



* Consolidated

Balance Sheet* - Good Liquidity, Consolidation of Variable Interest Entities Pushes Debt Up

(ACE Aviation Holdings - Consolidated)

	Dec 31/05 \$ mlns	Dec 31/04 \$ mlns	% Change
• Cash + S. Term Invst.	\$ 2,181	\$ 1,632	34%
• Current Assets	\$ 3,354	\$ 2,695	24%
• Property & Equip.	\$ 5,494	\$ 3,684	49%
• Current Liabilities	\$ 3,011	\$ 2,616	15%
• Long Term Debt	\$ 3,543	\$ 2,328	52%
• Shareholder's Equity	\$ 1,168	\$ 203	N/A
• Book Value per share	\$ 11.47	\$ 2.29	N/A

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Certain statements made in this presentation may be of a forward-looking nature and subject to important risks and uncertainties. The results indicated in these statements could differ materially from actual results for a number of reasons, including without limitation, general industry, market and economic conditions, the ability to reduce operating costs, employment relations, energy prices, currency exchange rates, interest rates, changes in laws, adverse regulatory developments or proceedings and pending litigation. Any forward-looking statements contained in this presentation represent Air Canada's expectations as of February 10, 2006 and are subject to change after such date. However, Air Canada disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

