

**Quarter 1 2006  
Interim Consolidated Financial Statements and Notes**



<i>(in millions except per share figures - Canadian dollars)</i> <i>(unaudited)</i>	Three Months Ended March 31	
	2006	2005
<b>Operating revenues</b>		
Passenger	\$ 2,021	\$ 1,739
Cargo	151	135
Other	312	303
	<b>2,484</b>	<b>2,177</b>
<b>Operating expenses</b>		
Salaries, wages and benefits	642	613
Aircraft fuel	569	415
Aircraft rent	113	90
Airport and navigation fees	230	213
Aircraft maintenance, materials and supplies	129	94
Communications and information technology	78	77
Food, beverages and supplies	80	78
Depreciation, amortization and obsolescence	134	120
Commissions	68	65
Special charges for labour restructuring	33	-
Other	470	422
	<b>2,546</b>	<b>2,187</b>
<b>Operating loss</b>	<b>(62)</b>	<b>(10)</b>
<b>Non-operating income (expense)</b>		
Interest income	22	12
Interest expense	(88)	(75)
Interest capitalized	9	3
Gain on sale of assets	3	-
Dilution gain	220	-
Other	3	(3)
	<b>169</b>	<b>(63)</b>
<b>Income (loss) before the following items</b>	<b>107</b>	<b>(73)</b>
Non-controlling interest	(15)	(3)
Foreign exchange gain (loss)	13	(15)
Recovery of income taxes	13	14
<b>Income (loss) for the period</b>	<b>\$ 118</b>	<b>\$ (77)</b>
<b>Retained earnings, beginning of period</b>	<b>415</b>	<b>157</b>
<b>Retained earnings, end of period</b>	<b>\$ 533</b>	<b>\$ 80</b>
<b>Earnings (loss) per share</b>		
- Basic	\$ 1.15	\$ (0.87)
- Diluted	\$ 1.12	\$ (0.87)

*The accompanying notes are an integral part of the consolidated financial statements.*

<i>(in millions of Canadian dollars)</i> <i>(unaudited)</i>		March 31, 2006	December 31, 2005
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 1,854	\$ 1,565
Short-term investments		775	616
		<b>2,629</b>	<b>2,181</b>
Restricted cash		45	86
Accounts receivable		659	637
Spare parts, materials and supplies		263	325
Prepaid expenses and other current assets		157	125
		<b>3,753</b>	<b>3,354</b>
<b>Property and equipment</b>		<b>5,660</b>	<b>5,494</b>
<b>Deferred charges</b>		<b>137</b>	<b>145</b>
<b>Intangible assets</b>	note 7	<b>2,367</b>	<b>2,462</b>
<b>Investments and other assets</b>		<b>374</b>	<b>392</b>
		<b>\$ 12,291</b>	<b>\$ 11,847</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 1,455	\$ 1,355
Advance ticket sales		856	711
Aeroplan deferred revenues		702	680
Current portion of long-term debt and capital leases		266	265
		<b>3,279</b>	<b>3,011</b>
<b>Long-term debt and capital leases</b>	note 2	<b>3,710</b>	<b>3,543</b>
<b>Convertible preferred shares</b>		<b>152</b>	<b>148</b>
<b>Future income taxes</b>		<b>221</b>	<b>221</b>
<b>Pension and other benefit liabilities</b>		<b>2,103</b>	<b>2,154</b>
<b>Non-controlling interest</b>		<b>216</b>	<b>203</b>
<b>Other long-term liabilities</b>		<b>1,380</b>	<b>1,399</b>
		<b>11,061</b>	<b>10,679</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share capital and other equity</b>	note 7	<b>690</b>	<b>747</b>
<b>Contributed surplus</b>		<b>7</b>	<b>6</b>
<b>Retained earnings</b>		<b>533</b>	<b>415</b>
		<b>1,230</b>	<b>1,168</b>
		<b>\$ 12,291</b>	<b>\$ 11,847</b>

*The accompanying notes are an integral part of the consolidated financial statements.*

<i>(in millions of Canadian dollars)</i> <i>(unaudited)</i>	<b>Three Months Ended March 31</b>	
	<b>2006</b>	<b>2005</b>
<b>Cash flows from (used for)</b>		
<b>Operating</b>		
Income (loss) for the period	\$ 118	\$ (77)
Adjustments to reconcile to net cash provided by operations		
Depreciation, amortization and obsolescence	134	120
Gain on sale of assets	(3)	-
Dilution gain <span style="float: right;">  note 6</span>	(220)	-
Foreign exchange gain	4	15
Future income taxes	(15)	(17)
Employee future benefit funding more than expense	(22)	(8)
Increase in accounts receivable	(16)	(91)
Decrease in spare parts, materials and supplies	60	14
Increase in accounts payable and accrued liabilities	104	100
Increase in advance ticket sales, net of restricted cash	205	219
Aircraft lease payments in excess of rent expense	(5)	(4)
Other	20	43
	<b>364</b>	<b>314</b>
<b>Financing</b>		
Issue of common shares	2	-
Issue of Jazz units <span style="float: right;">  note 6</span>	218	-
Credit facility borrowings - Jazz <span style="float: right;">  note 2</span>	113	-
Aircraft related borrowings <span style="float: right;">  note 2</span>	124	-
Reduction of long-term debt and capital lease obligations	(88)	(140)
Distributions paid to non-controlling interests	(15)	-
	<b>354</b>	<b>(140)</b>
<b>Investing</b>		
Short-term investments	(159)	(675)
Additions to capital assets	(280)	(38)
Proceeds from sale of assets	-	37
Proceeds from sale of Jazz units <span style="float: right;">  note 6</span>	14	-
Cash collateralization of letters of credit	(4)	(20)
	<b>(429)</b>	<b>(696)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>289</b>	<b>(522)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,565</b>	<b>1,481</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,854</b>	<b>\$ 959</b>
<b>Cash payments of interest</b>	<b>\$ 63</b>	<b>\$ 53</b>
<b>Cash payments of income taxes</b>	<b>\$ 3</b>	<b>\$ 4</b>

Cash and cash equivalents exclude short-term investments of \$775 as at March 31, 2006 (\$616 as at December 31, 2005)

*The accompanying notes are an integral part of the consolidated financial statements.*

**For the period ended March 31, 2006 (unaudited)  
(currencies in millions – Canadian dollars)**

## **1. NATURE OF OPERATIONS AND ACCOUNTING POLICIES**

ACE Aviation Holdings Inc. ("ACE") is the parent holding company of various transportation and other service companies and partnerships, which are operated through the following four reporting segments: Transportation Services, Aeroplan Limited Partnership ("Aeroplan or Aeroplan LP"), Jazz Air Limited Partnership ("Jazz" or "Jazz LP") and ACTS Limited Partnership ("ACTS"). The Transportation Services segment includes the following principal operating companies and partnerships: Air Canada, AC Cargo Limited Partnership ("Air Canada Cargo"), ACGHS Limited Partnership ("ACGHS") and Touram Limited Partnership ("Air Canada Vacations"). ACE holds a 75.3 percent ownership interest in Aeroplan LP and a 79.7 percent ownership interest in Jazz LP.

Reference to "Corporation" in the following notes to the consolidated financial statements refers, as the context may require, to ACE and its subsidiaries collectively, ACE and one or more of its subsidiaries, one or more of ACE's subsidiaries, or ACE itself.

The unaudited interim consolidated financial statements for the Corporation are based on the accounting policies consistent with those disclosed in Note 2 to the 2005 annual consolidated financial statements of ACE.

In accordance with Canadian generally accepted accounting principles, these interim financial statements do not include all of the financial statement disclosures required for annual financial statements and should be read in conjunction with the 2005 annual consolidated financial statements of ACE. In management's opinion, the financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim periods presented.

The Corporation has historically experienced considerably greater demand for its services in the second and third quarters of the calendar year and significantly lower demand in the first and fourth quarters of the calendar year. This demand pattern is principally a result of the high number of leisure travelers and their preference for travel during the spring and summer months. The Corporation has substantial fixed costs in its cost structure that do not meaningfully fluctuate with passenger demand in the short-term.

### **Future Accounting Pronouncements**

### **Financial Instruments, Comprehensive Income and Hedges**

The Accounting Standards Board has issued three new standards dealing with financial instruments: (i) Financial Instruments – Recognition and Measurement, Disclosure and Presentation, (ii) Hedges and (iii) Comprehensive Income. The key principles under these standards are that all financial instruments, including derivatives, are to be included on a company's balance sheet and measured, initially at their fair values. Subsequent measurement depends on the classification of the instrument and is either at fair value or, in limited circumstances when fair value may not be considered most relevant, at cost or amortized cost. Financial instruments intended to be held-to-maturity should be measured at amortized cost. Existing requirements for hedge accounting are extended to specify how hedge accounting should be performed. Also, a new location for recognizing unrealized gains and losses of certain financial instruments on the balance sheet entitled other comprehensive income has been introduced. The new standards are effective for the Corporation beginning January 1, 2007. The standards do not permit restatement of prior years' financial statements, however, the standards have detailed transition provisions. The Corporation is in the process of evaluating all of the consequences of the new standards; which may have a material impact on the Corporation's financial statements.

## 2. LONG-TERM DEBT AND CAPITAL LEASES

### ACE Convertible Senior Notes

In connection with the special distribution of units of Aeroplan Income Fund to the shareholders of ACE (refer to Note 7), the conversion rate of the 4.25% Convertible Senior Notes due 2035 ("Convertible Notes") has been adjusted from 20.8333 to 22.2838 Class A variable voting shares (if the holder is not a Canadian) or Class B voting shares (if the holder is Canadian) per \$1,000 principal amount of Convertible Notes. This adjustment was effective on March 22, 2006 and has been determined in accordance with the terms of indenture governing the Convertible Notes.

### Embraer Aircraft Financing

In Quarter 1 2006, Air Canada drew loans to finance the acquisition of five Embraer aircraft totalling \$124 (US\$107). The loans, secured by the Embraer aircraft, are to be repaid in quarterly instalments and mature between 2018 and 2021. Quarterly principal repayment requirements through 2010 are approximately US\$1. The majority of the borrowings bear interest at a weighted average fixed interest rate of 7.80% and the remainder bear interest at a floating interest rate equal to the three month US LIBOR plus 3.25% (8.21% as at March 31, 2006).

### Revolving Credit Facilities

#### Air Canada

On March 31, 2006, Air Canada finalized amendments to its existing senior secured syndicated revolving credit facility, including reductions in interest rates and standby fees. The aggregate amount available was also amended to \$250 (or the US dollar equivalent) from \$300 (or the US dollar equivalent). Specifically, the interest rate margin has been adjusted downwards by 0.25% to rates ranging from LIBOR plus 2.25% to 3.25% or prime plus 1.25% to 2.25% (based on Air Canada's earnings before interest, taxes, depreciation, amortization and obsolescence and aircraft rent). As at March 31, 2006, no amount was drawn under this facility.

#### Jazz

In connection with the initial public offering of the Jazz Air Income Fund (refer to Note 6), Jazz arranged for a senior secured syndicated credit facility in the amount of \$150. On closing of the offering, \$115 was drawn under the credit facility (\$113 net of fees). The facility bears interest at floating rates and has a three year term. The outstanding credit facility is secured by substantially all the present and future assets of Jazz. Jazz entered into swap agreements with third parties with a nominal value of \$115 to receive floating rates and pay fixed rates of 7.09%. Jazz has repaid term loans and credit facilities of \$14 that were outstanding as at December 31, 2005.

**3. POST-EMPLOYMENT EXPENSES**

The Corporation has recorded pension and other employee future benefits expense as follows:

	Three months ended March 31	
	2006	2005
Pension benefit expense	\$ 45	\$ 31
Other employee future benefit expense	28	39
<b>Total</b>	<b>\$ 73</b>	<b>\$ 70</b>

#### 4. LABOUR RELATED PROVISIONS

In February, 2006, the Corporation announced that certain ACE companies would proceed with the reduction of non-unionized staffing levels by 20%. The non-unionized staff reductions are primarily at Air Canada, ACTS, ACGHS and Air Canada Cargo. A special charge of \$33 was recorded during Quarter 1 2006 relating to staff reductions, with \$28 recorded in Transportation Services and \$5 in ACTS.

The following table outlines the changes to labour related provisions which include those related to restructuring:

	Three months ended March 31	
	2006	2005
Beginning of period	\$ 157	\$ 192
Charges recorded	33	1
Amounts disbursed	(13)	(8)
End of period	177	185
Current portion	(80)	(53)
<b>Long-term employee liabilities</b>	<b>\$ 97</b>	<b>\$ 132</b>

The current portion of labour related provisions are included in Accounts payable and accrued liabilities. The long-term portion is included in Other long-term liabilities.

**5. SHARE INFORMATION**

At March 31, 2006, the issued and outstanding common shares of ACE, along with common shares potentially issuable, pursuant to convertible preferred shares, convertible notes and stock options were as follows:

	Authorized	Number of shares (000)	
		At March 31, 2006	At December 31, 2005
Issued and outstanding common shares			
Class A variable voting shares	unlimited	77,016	76,735
Class B voting shares	unlimited	24,916	25,059
Shares held in escrow		-	28
<b>Total issued and outstanding common shares</b>		<b>101,932</b>	<b>101,822</b>
Potential common shares			
Convertible preferred shares		10,354	10,228
Convertible notes		7,354	6,875
Stock options		3,350	3,187
<b>Total potential common shares</b>		<b>21,058</b>	<b>20,290</b>

The information presented in the table above reflects the changes in connection with the special distribution of Aeroplan units (refer to Note 7).

## 6. DISPOSAL OF INTERESTS IN JAZZ LP

ACE completed an initial public offering of the Jazz Air Income Fund on February 2, 2006. The Fund subscribed for 23.5 million units of Jazz at a price of \$10.00 per unit for net proceeds of \$218, net of offering costs of \$17 that were paid during the quarter. Concurrent with the closing of the initial public offering, Jazz LP received proceeds of \$113, net of fees of \$2, representing the drawing under a new term credit facility (refer to Note 2).

On February 27, 2006, following the exercise of the over-allotment option by the underwriters, the Fund issued an additional 1.5 million units at a price of \$10.00 per unit for additional net proceeds of approximately \$14. The Fund is an unincorporated, open-ended trust that indirectly holds 20.3% of the outstanding limited partnership units of Jazz LP. ACE holds the remaining 79.7% of the outstanding limited partnership units of Jazz LP.

Certain of the LP Units held by the Corporation (the "Subordinated LP Units") representing 20% of the LP Units issued and outstanding at the closing are subordinated. Distributions on the Subordinated LP Units will be subordinated in favour of the non-subordinated LP Units. Distributions (including in respect of accrued deficiencies in distributions) will only be paid by Jazz LP on the Subordinated LP Units at the end of the fiscal quarter.

Under the terms of an investor liquidity agreement, the units held by ACE in Jazz LP, to the extent not subordinated, are exchangeable for Fund units on a one-to-one basis. The subordinated units of Jazz LP held by ACE will become exchangeable after December 31, 2006. The exchange right expires once all units of Jazz held by ACE have been exchanged. The investor liquidity agreement also provides for registration and other liquidity rights that enable it to require the Fund to file a prospectus and otherwise assist with a public offering subject to certain restrictions.

ACE has recorded a dilution gain of \$220 and a non-controlling interest on the statement of financial position of \$10 as a result of the dilution of its interests in Jazz LP. The dilution gain is the net proceeds of the offering in excess of ACE's proportionate carrying value of its investment in Jazz LP. In addition, a future income tax expense of \$10 was recorded.

## 7. SPECIAL DISTRIBUTION OF AEROPLAN UNITS

On February 16, 2006, ACE's Board of Directors declared a special distribution of units of the Aeroplan Income Fund to ACE's shareholders. The distribution of 0.18 Aeroplan unit per Class A variable voting share, Class B voting share, and preferred share (on an as converted basis) of ACE was made as a return of capital and represents in the aggregate approximately 10.1% of the units of Aeroplan Income Fund on a fully diluted basis. The record date for the purpose of the special distribution was March 3, 2006. Based on the closing price of the units of Aeroplan Income Fund on March 3, 2006, the fair value of the units distributed amounted to \$251.

Units of Aeroplan cannot be distributed to shareholders of ACE that are resident in the United States. A total of 7,085,111 units of Aeroplan Income Fund, representing those Aeroplan units that would have otherwise been delivered to shareholders of ACE that are resident in the United States, as well as those units of Aeroplan that would have otherwise been delivered to the registered shareholders of ACE holding less than 200 shares in the capital of ACE and any fractional interests in units of Aeroplan, were sold through an orderly sale process on the Toronto Stock Exchange and the net cash proceeds of such sale of units were remitted to shareholders. A total of 20,204,165 Aeroplan units were distributed as part of the special distribution to ACE shareholders, of which 13,119,054 units were delivered to ACE shareholders and the remaining 7,085,111 units were sold on the Toronto Stock Exchange. Following the completion of the distribution, and the funding of Aeroplan's Initial Long Term Incentive Plan as described below, ACE's interest in Aeroplan LP is 75.3% and Aeroplan Income Fund's interest is 24.7%.

The special distribution to Class A and Class B shareholders totaling 18,347,309 Aeroplan units is a non-monetary non-reciprocal transfer to owners. Non-monetary non-reciprocal transfers to owners are recorded at the carrying amount of the net assets transferred and do not give rise to a gain or loss. As Aeroplan LP is in a deficit position, in these consolidated financial statements, no amounts have been reflected for this element of the distribution, other than accounting entries relating to future income taxes described below.

The special distribution to preferred shareholders of ACE totaled 1,856,856 Aeroplan units. This transaction is considered a non-reciprocal transfer to non-owners since the holders of the Convertible Preferred Shares are not considered owners of the Corporation for accounting purposes. The transfer is measured at fair value at the date of distribution and results in net interest expense of \$4 and a reduction to intangible assets of \$4. The net interest expense of \$4 is the fair value of the distribution of \$23 less a gain recorded of \$19, which is the fair value of the distribution in excess of the Corporation's proportionate carrying value of its investment in Aeroplan of \$4 (including fair value adjustments recorded on consolidation).

The special distribution has no cash tax consequences. However, the distribution involves a use of loss carry forwards in ACE giving rise to a reduction in future income tax assets of \$65. \$59 relates to the distribution to the Class A and Class B shareholders which is recorded as a reduction in Share capital and Intangible assets in accordance with the Corporation's accounting policy on income taxes. The remaining \$6 relating to the distribution to preferred shareholders is recorded as a future income tax expense in the statement of operations.

In accordance with the terms of the ACE Convertible Senior Notes, the special distribution and return of capital triggers a conversion rate adjustment (refer to Note 2). This change in the conversion rate did not have any accounting consequences. Similarly, the Corporation's stock option plan provides for amendments to the option exercise price and the number of common shares to which participants are entitled to exercise. Effective March 22, 2006 the adjustment was applied to all unexercised ACE stock options as of March 1, 2006, whether vested or not. The weighted average exercise price and number of options outstanding have been amended from \$25.54 and 3,131,946 options to \$23.87 and 3,350,193 options.

### Initial Long Term Incentive Plan – Aeroplan

On March 31, 2006 ACE transferred 500,000 Aeroplan units to a trust for the purpose of funding the Initial Long Term Incentive Plan of Aeroplan. The transfer is recorded at the carrying amount of the net assets transferred and does not give rise to a gain or loss. Under the terms of the plan 50% of the Units granted are subject to vesting conditions based on performance and the remaining 50% based on time. Performance based Units vest at the end of each performance period if distributable income targets established by Aeroplan's board of directors for each of the periods ended December 31, 2005, 2006 and 2007 are met, or on a cumulative basis at the end of the following performance period if such targets are met in that following performance period. Time based Units should vest at the end of the three year period ending on June 29, 2008.

**8. SEGMENT INFORMATION**

The Corporation has four reportable segments: Transportation Services, Aeroplan, Jazz, and ACTS. The accounting policies for each of these segments are the same as those disclosed in Note 2 to the 2005 annual consolidated financial statements of ACE. Segment financial information has been prepared consistent with how financial information is produced internally for the purposes of making operating decisions. Segments negotiate transactions between each other as if they were unrelated parties. A reconciliation of the total amounts reported by each segment to the applicable amounts in the consolidated financial statements follows:

	Three months ended March 31, 2006						Consolidated Total
	Transportation Services	Aeroplan	Jazz	ACTS	Inter-segment Elimination		
Passenger revenue	\$ 2,021	\$ -	\$ -	\$ -	\$ -	\$ 2,021	
Cargo revenue	151	-	-	-	-	151	
Other revenue	67	197	2	46	-	312	
External revenue	2,239	197	2	46	-	2,484	
Inter-segment revenue	53	3	318	154	(528)	-	
<b>Total revenue</b>	<b>2,292</b>	<b>200</b>	<b>320</b>	<b>200</b>	<b>(528)</b>	<b>2,484</b>	
DAR (a)	201	4	36	8	(2)	247	
Other operating expenses	2,208	157	249	211	(526)	2,299	
<b>Total operating expenses</b>	<b>2,409</b>	<b>161</b>	<b>285</b>	<b>219</b>	<b>(528)</b>	<b>2,546</b>	
<b>Operating income (loss)</b>	<b>(117)</b>	<b>39</b>	<b>35</b>	<b>(19)</b>	<b>-</b>	<b>(62)</b>	
Total non-operating income (expense), non-controlling interest, foreign exchange and income taxes	186	-	(2)	(4)	-	180	
<b>Segment results</b>	<b>\$ 69</b>	<b>\$ 39</b>	<b>\$ 33</b>	<b>\$ (23)</b>	<b>\$ -</b>	<b>\$ 118</b>	

	Three months ended March 31, 2005						Consolidated Total
	Transportation Services	Aeroplan	Jazz	ACTS	Inter-segment Elimination		
Passenger revenue	\$ 1,739	\$ -	\$ -	\$ -	\$ -	\$ 1,739	
Cargo revenue	135	-	-	-	-	135	
Other revenue	92	170	2	39	-	303	
External revenue	1,966	170	2	39	-	2,177	
Inter-segment revenue	49	3	212	136	(400)	-	
<b>Total revenue</b>	<b>2,015</b>	<b>173</b>	<b>214</b>	<b>175</b>	<b>(400)</b>	<b>2,177</b>	
DAR (a)	182	2	19	8	(1)	210	
Other operating expenses	1,919	145	165	147	(399)	1,977	
<b>Total operating expenses</b>	<b>2,101</b>	<b>147</b>	<b>184</b>	<b>155</b>	<b>(400)</b>	<b>2,187</b>	
<b>Operating income (loss)</b>	<b>(86)</b>	<b>26</b>	<b>30</b>	<b>20</b>	<b>-</b>	<b>(10)</b>	
Total non-operating income (expense), non-controlling interest, foreign exchange and income taxes	(60)	-	(4)	(3)	-	(67)	
<b>Segment results</b>	<b>\$ (146)</b>	<b>\$ 26</b>	<b>\$ 26</b>	<b>\$ 17</b>	<b>\$ -</b>	<b>\$ (77)</b>	

a) DAR refers to the combination of Aircraft rent and Depreciation, amortization and obsolescence.

Amortization expense related to intangible assets of \$23 was recorded during Quarter 1 2006 (2005 \$26) and is included in Depreciation, amortization and obsolescence expense.

**Geographic Information**

	Three months ended March 31	
	2006	2005
Passenger revenue		
Canada	\$ 786	\$ 677
US Transborder	474	379
Atlantic	339	293
Pacific	198	189
Other	224	201
<b>Total passenger revenue</b>	<b>\$ 2,021</b>	<b>\$ 1,739</b>

Passenger revenues for Canada are based on the actual flown revenue for flights with an origin and destination in Canada. Passenger revenues for US Transborder and other international destinations are based on the actual flown revenue for flights with an origin or destination outside of Canada.

**9. SUBSEQUENT EVENT****US Airways Group, Inc.**

On April 10, 2006 the Corporation announced that it had entered into an agreement to sell 1.75 million shares of its holdings in US Airways Group, Inc. ("US Airways") to PAR Investment Partners LP. The proceeds from the sale transaction amounted to \$78 (US\$68). The transaction was completed on April 13, 2006. ACE has recorded a pre-tax gain of \$46 (\$38 net of tax) in Quarter 2 2006 as a result of this transaction. ACE continues to hold 3.25 million shares in US Airways.