

ACE AVIATION 

First Quarter 2006

May 11, 2006

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ACE Operating Results* Deteriorate By \$19 mln – Unable to Offset All \$122 mln Fuel Price Incr.

Consolidated

<i>(millions)</i>	Q1 2006	Q1 2005	Change Fav./ (Unfav.)
Oper. Revenue	\$ 2,484	\$ 2,177	\$ 307
Oper. Expense	2,513	2,187	(326)
Oper. Income*	(29)	(10)	(19)
Special Labour Charge	(33)	–	(33)
Non-oper. Income (Expense)	169	(63)	232
Inc. (Loss) Before Reorg., FX & Tax	107	(73)	180
Non-controlling Interest	(15)	(3)	(12)
FX Gain (Loss)	13	(15)	28
Recovery of Income Taxes	13	14	(1)
Income (Loss)	\$ 118	\$ (77)	\$ 195

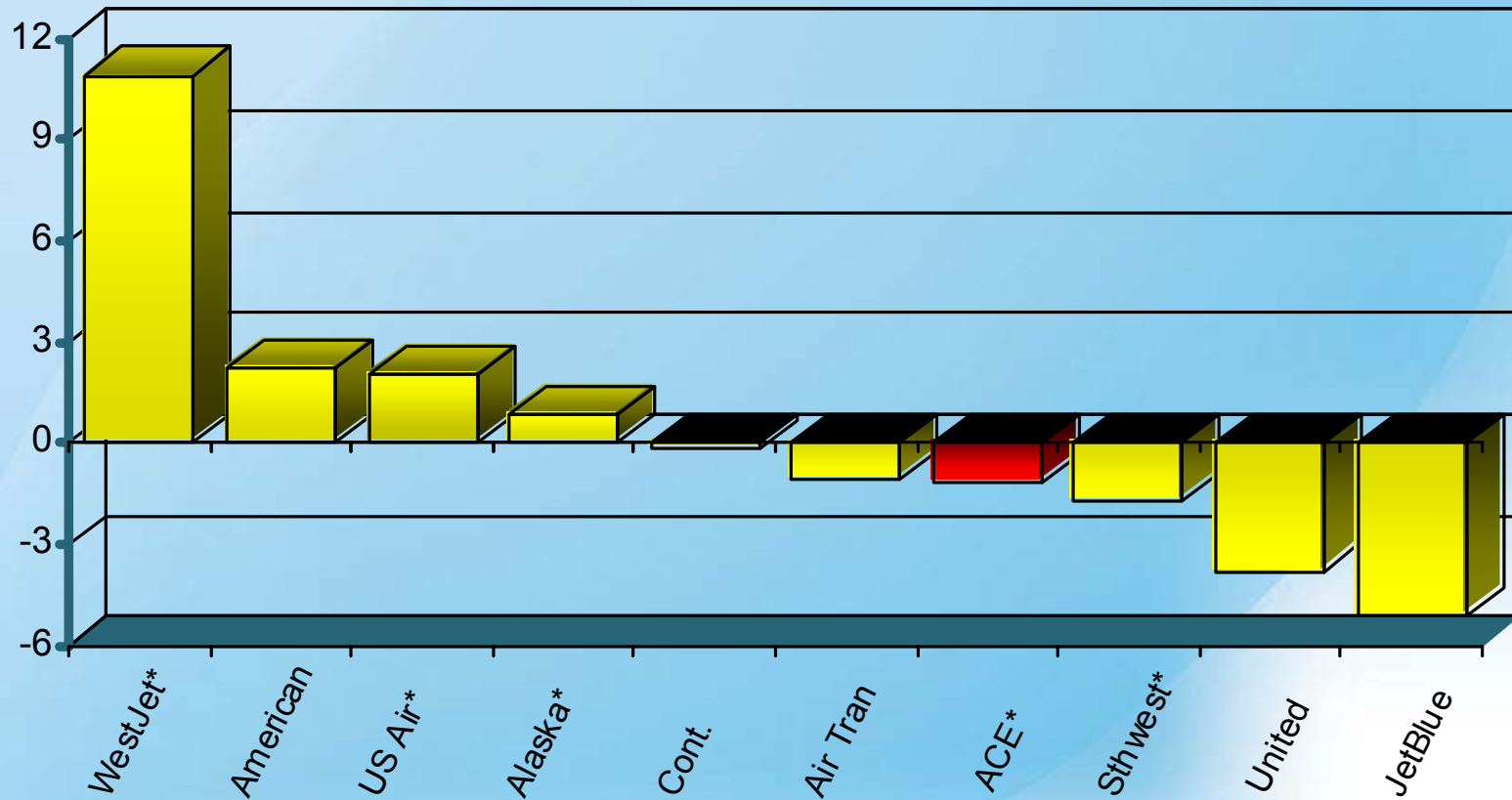
* Excluding special charges for labour restructuring

Q1 Non-Op Favourable \$232 mln Primarily Due Dilution Gain on Jazz IPO

<i>(millions)</i>	Q1 2006	Change Fav./Unfav.)
Net Interest Inc. (Exp.)	\$ (57)	\$ 3
Gain (Loss) on Sale	3	3
Dilution Gain on Jazz	220	220
Other Non-Operating Inc.	3	6
Total Non-Operating Inc.	\$ 169	\$ 232

Q1 is a Seasonally Weak Quarter for ACE

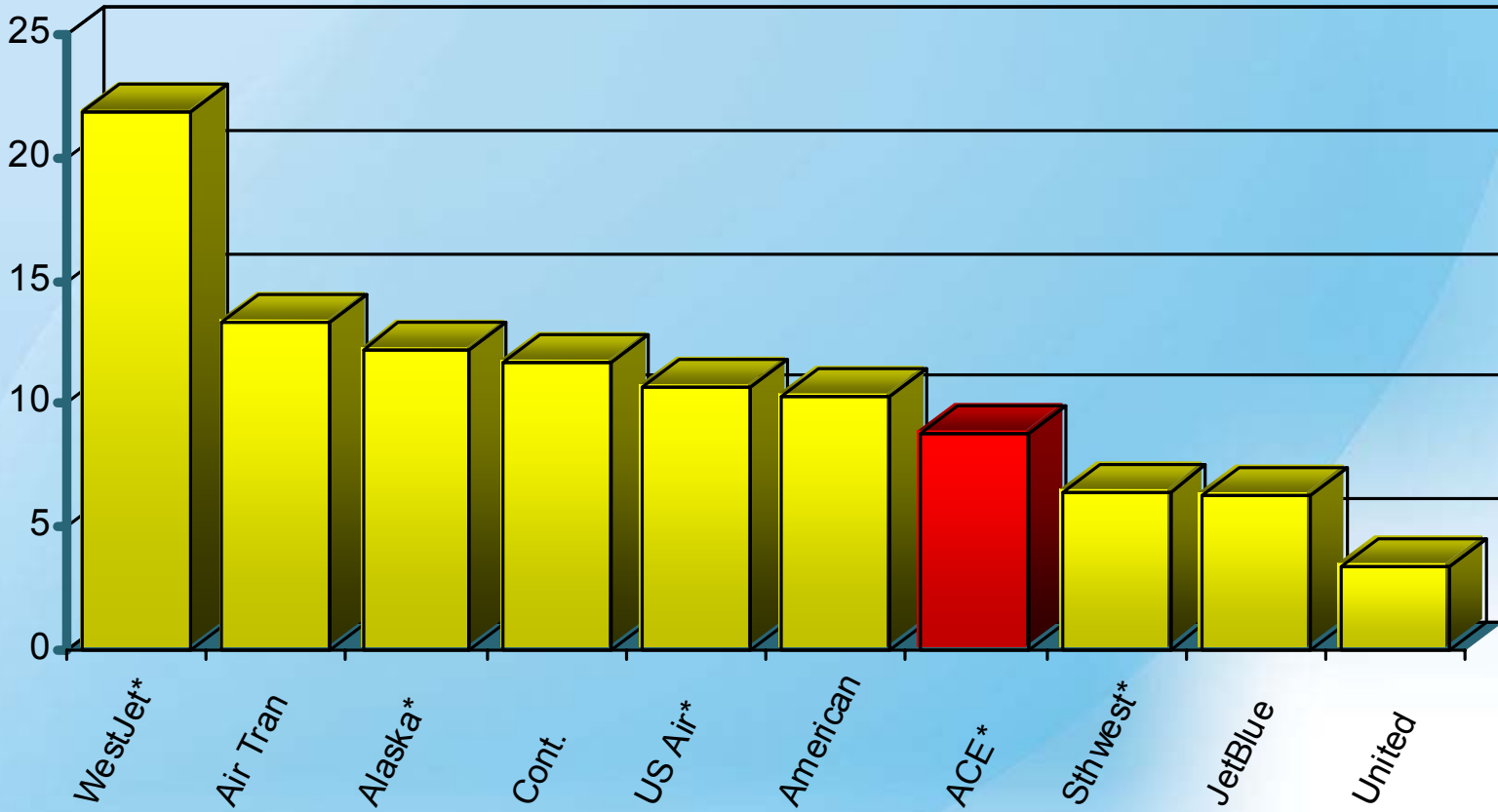
% Operating Margin



* Adjusted for non recurring & special items

Industry Q1 EBITDAR Margins

% EBITDAR Margin



* Adjusted for non recurring & special items

Q1 2006 Actual vs Prior Year

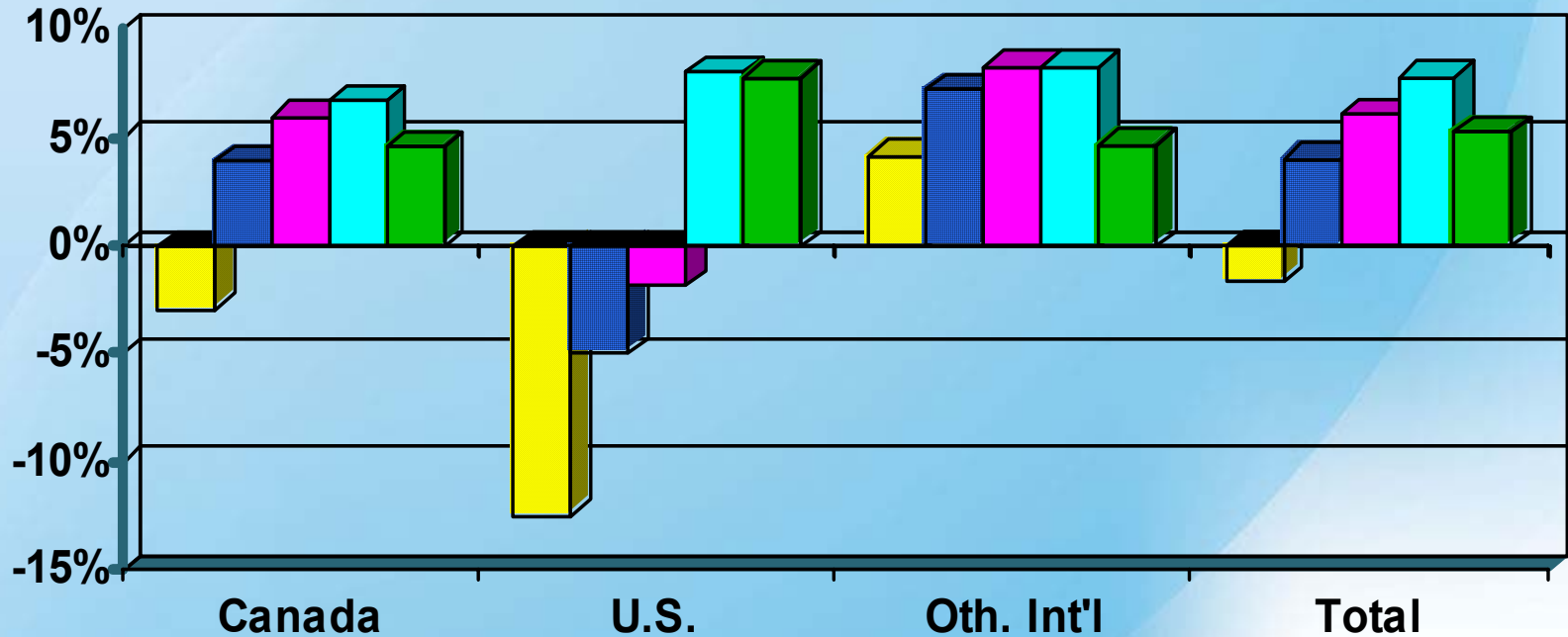
Consolidated

	ASMs	RPMs	PLF	Yield	RASM	Rev
Canada	↑ 4.6%	↑ 5.1%	↑ 0.3 PP	↑ 10.4%	↑ 10.9%	↑ 16.1%
US Transborder	↑ 7.8%	↑ 12.7%	↑ 3.4 PP	↑ 10.9%	↑ 16.0%	↑ 25.0%
Atlantic	↑ 12.5%	↑ 11.2%	↓ 0.9 PP	↑ 3.9%	↑ 2.7%	↑ 15.5%
Pacific	↓ 0.3%	↑ 0.6%	↑ 0.7 PP	↑ 4.0%	↑ 4.9%	↑ 4.6%
Latin Amer. & Other	↑ 0.2%	↓ 0.6%	↓ 0.7 PP	↑ 11.5%	↑ 10.5%	↑ 10.8%
Total	↑ 5.3%	↑ 6.2%	↑ 0.7 PP	↑ 9.3%	↑ 10.2%	↑ 16.2%
						↑ 16.4%
						Total Expense
					↑ 10.5%	Total CASM
					↑ 5.9%	Total CASM excl. Fuel
					↑ 3.8%	Total CASM excl. Fuel & Spec. Labour Chg.

Steady Capacity Growth in All Markets

(Y-O-Y Changes in Consolidated Capacity)

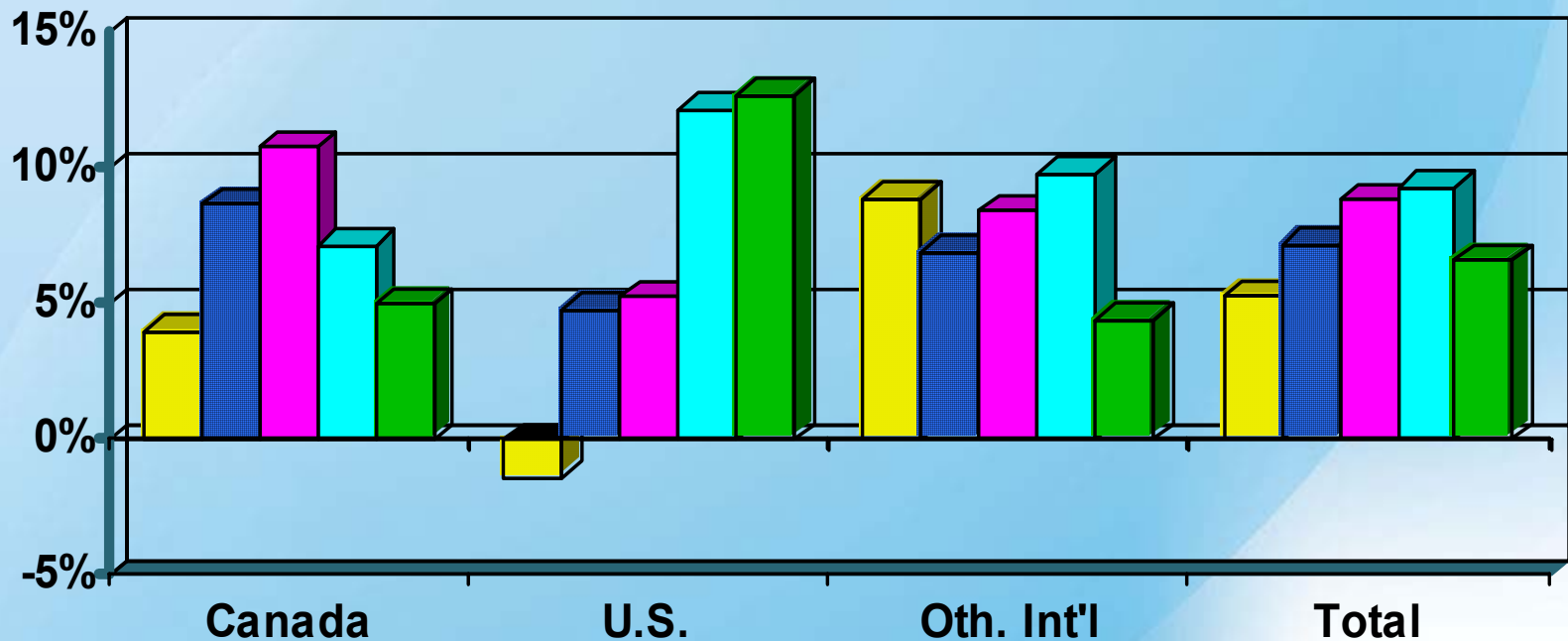
% Change in ASMs



U.S. Transborder Traffic Up Sharply While Dom. and Int'l in Line With Capacity Growth

(Y-O-Y Changes in Consolidated Traffic)

% Change in RPMs

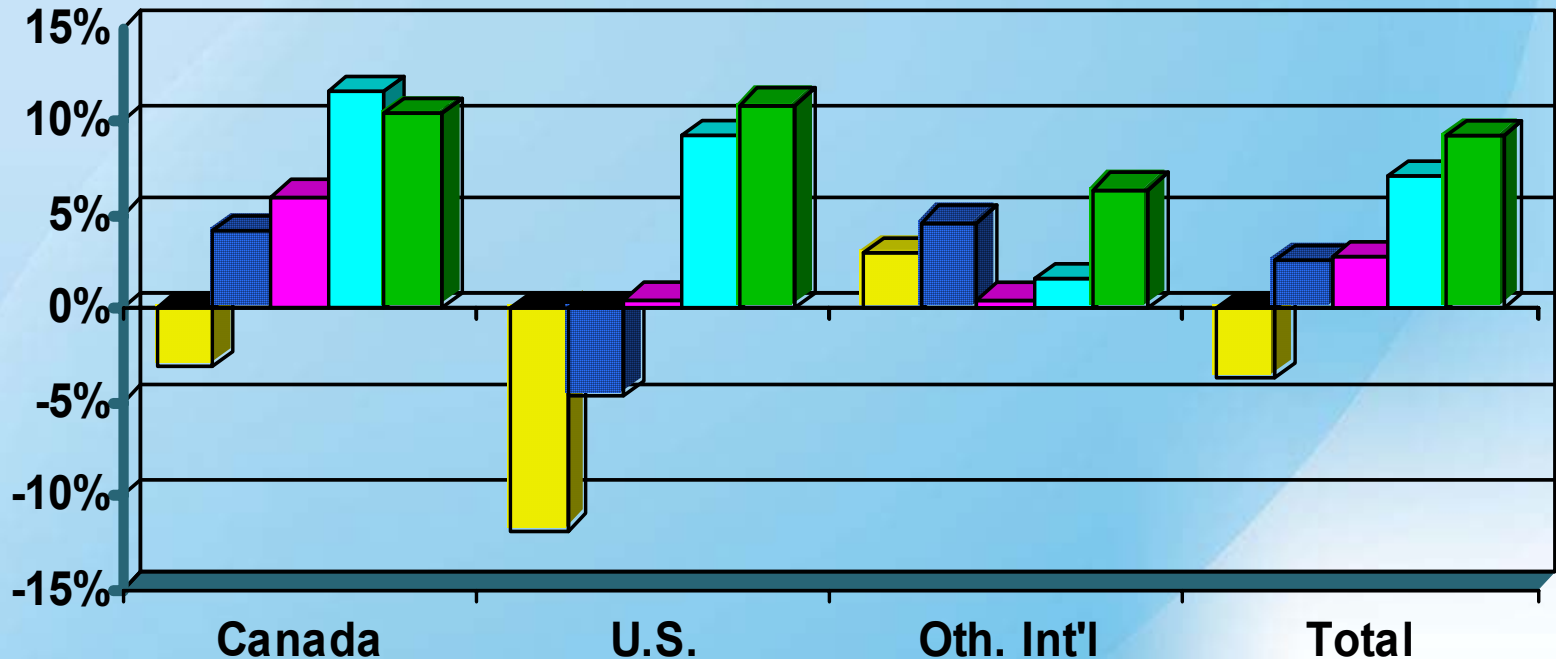


■ Q1 2005/2004
 ■ Q2 2005/2004
 ■ Q3 2005/2004
 ■ Q4 2005/2004
 ■ Q1 2006/2005

Very Strong Yields in All Markets Drive 9.3% System Growth

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

% Change in Yield

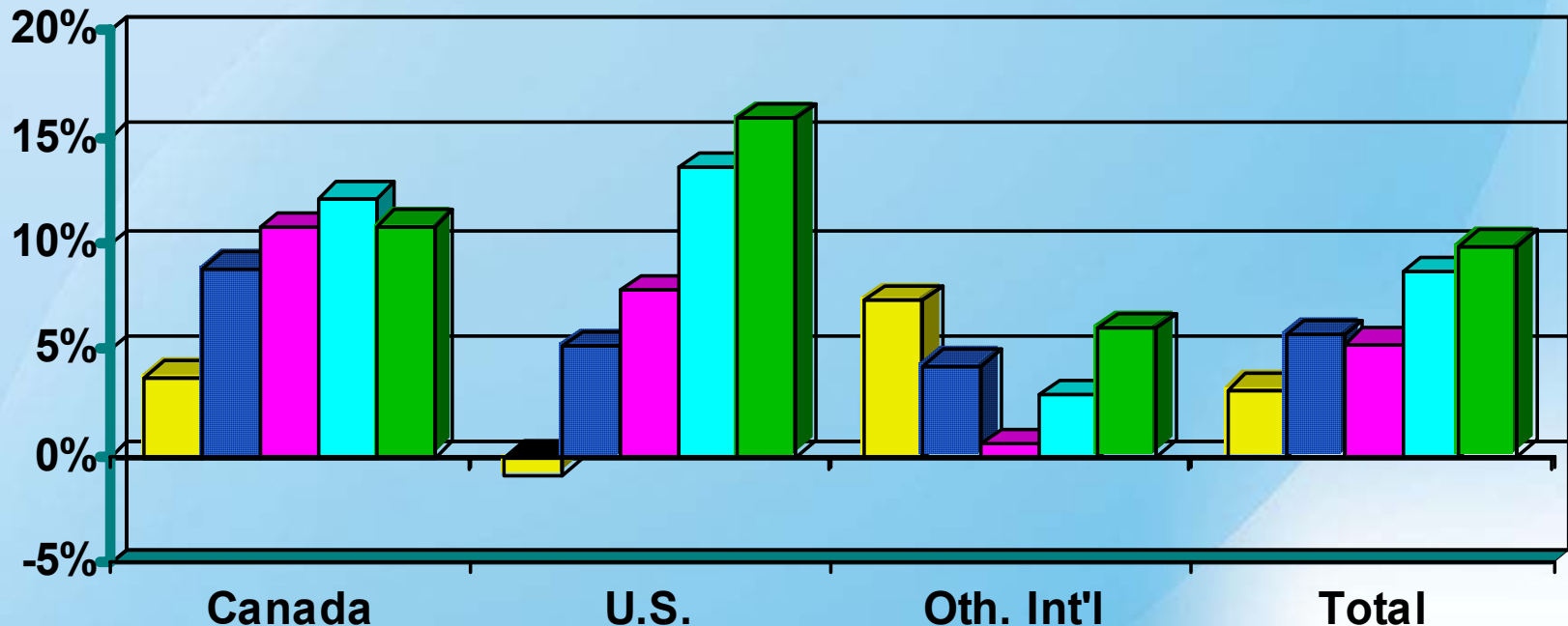


■ Q1 2005/2004
 ■ Q2 2005/2004
 ■ Q3 2005/2004
 ■ Q4 2005/2004
 ■ Q1 2006/2005

North America RASMs Up Sharply Due Much Higher Yields But Also Improved US LF

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

% Change in RASM

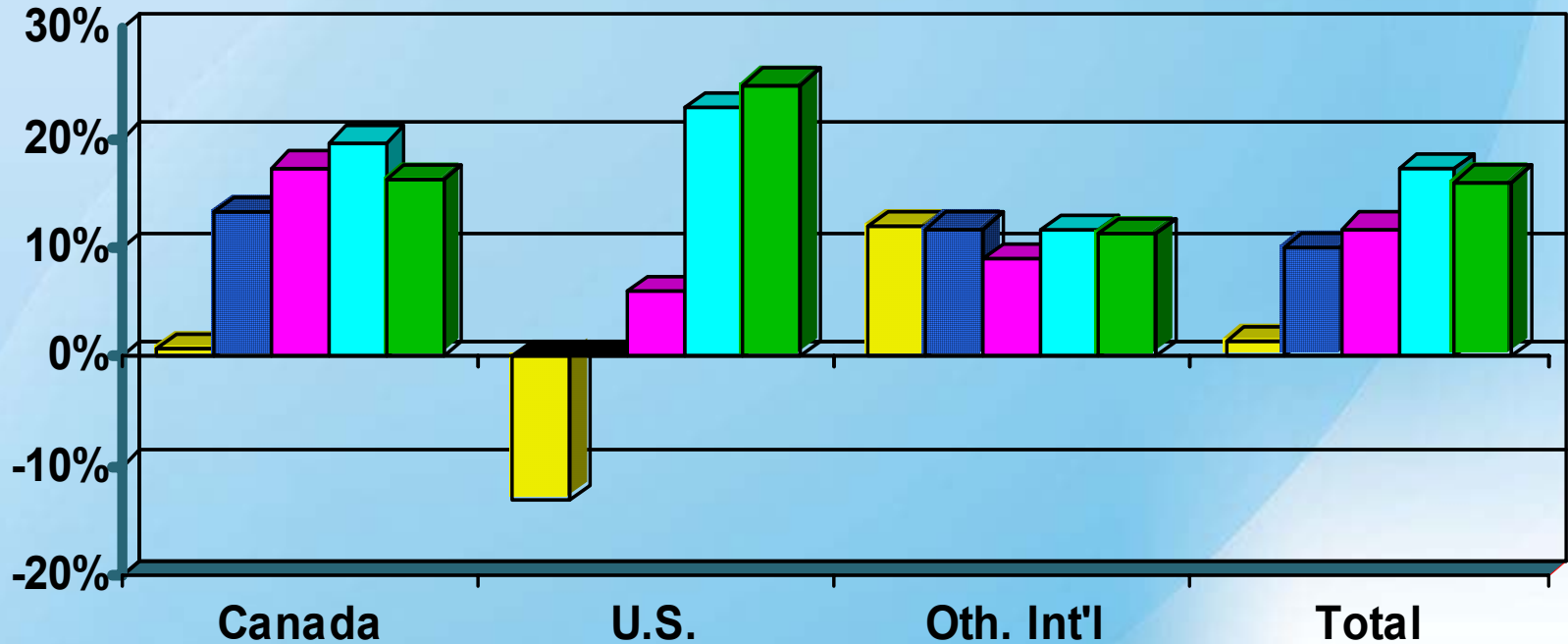


■ Q1 2005/2004
 ■ Q2 2005/2004
 ■ Q3 2005/2004
 ■ Q4 2005/2004
 ■ Q1 2006/2005

North America Revenue Growth Accounts For Almost $\frac{3}{4}$ of Quarterly Revenue Increase

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

% Change in Revenue

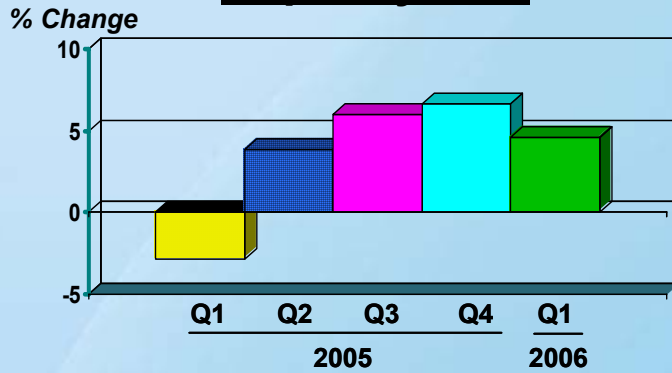


■ Q1 2005/2004
 ■ Q2 2005/2004
 ■ Q3 2005/2004
 ■ Q4 2005/2004
 ■ Q1 2006/2005

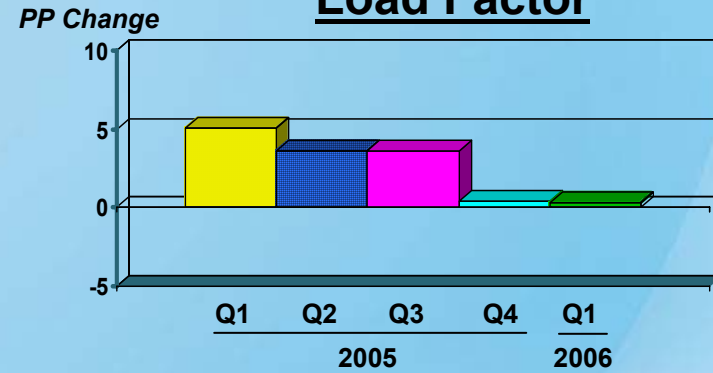
Canada* – Q1 RASM Up 10.9% on 10.4% Increase in Yield

Y-O-Y Change

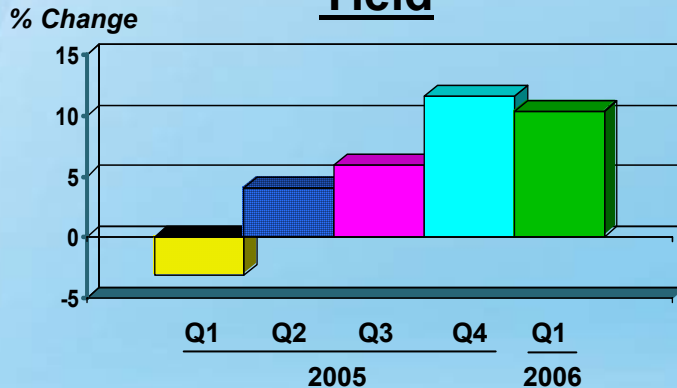
Capacity (ASM)



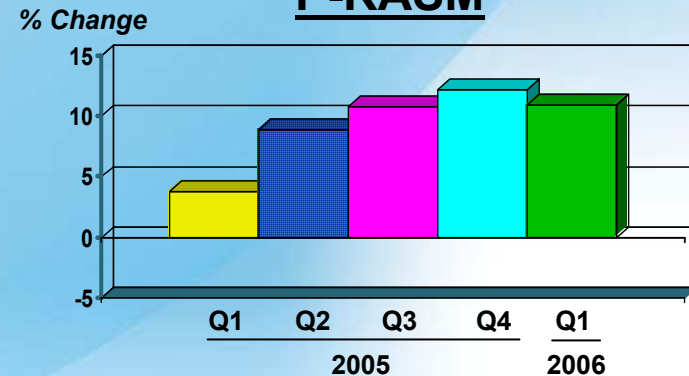
Load Factor



Yield



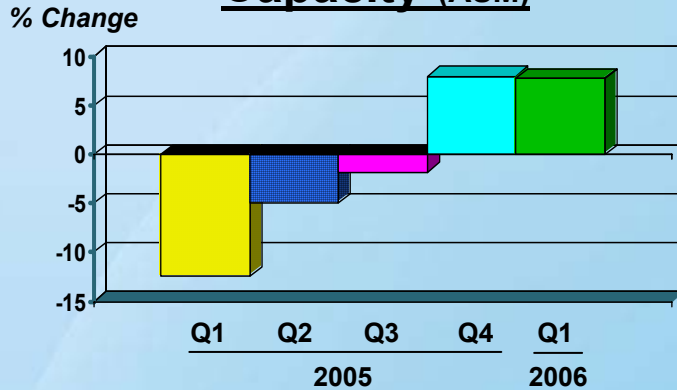
P-RASM



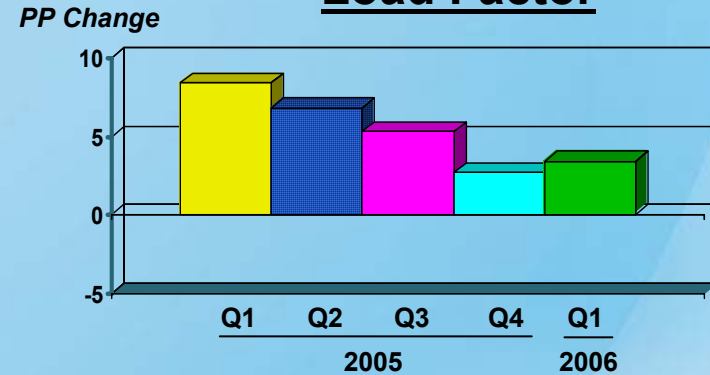
US Transborder* – RASM Up Sharply on Very Strong Yield and Improved Load Factor

Y-O-Y Change

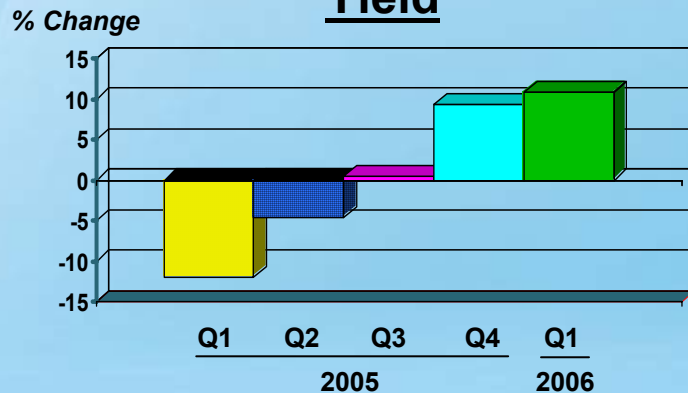
Capacity (ASM)



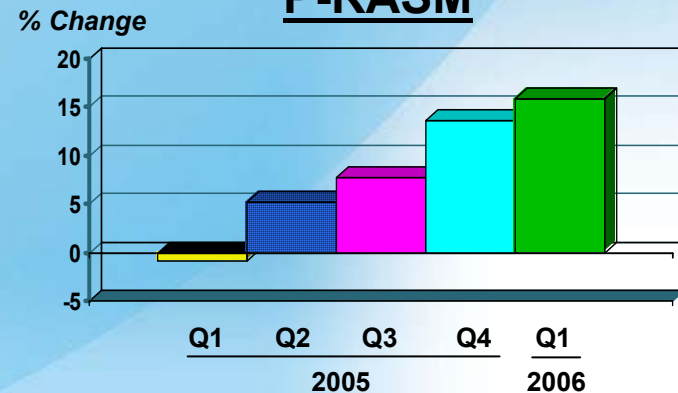
Load Factor



Yield



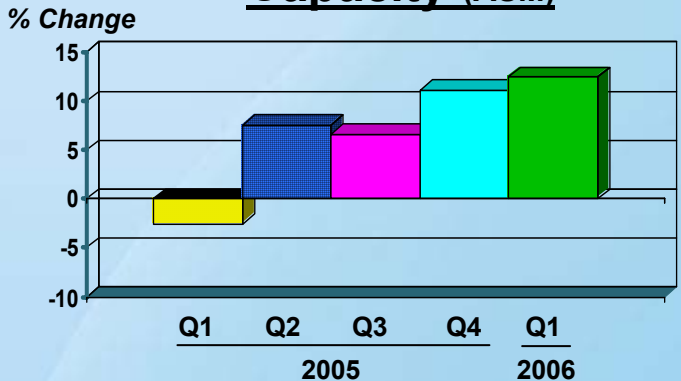
P-RASM



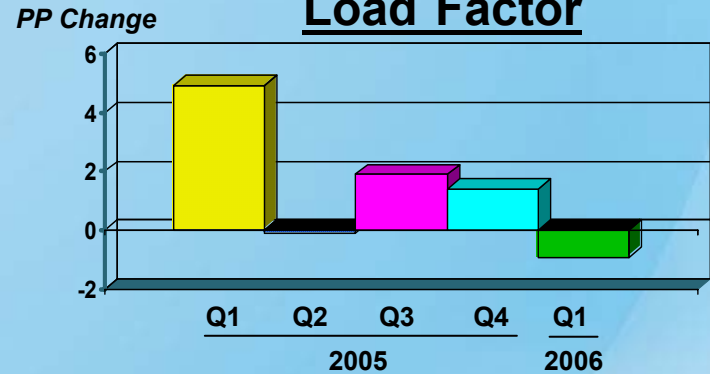
Atlantic – Stronger Yield lifts RASM

Y-O-Y Change

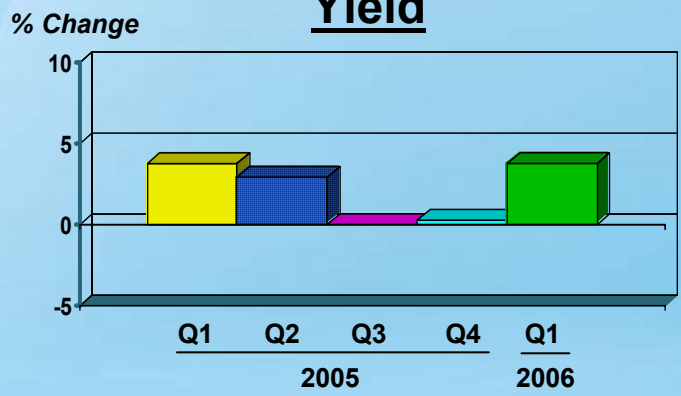
Capacity (ASM)



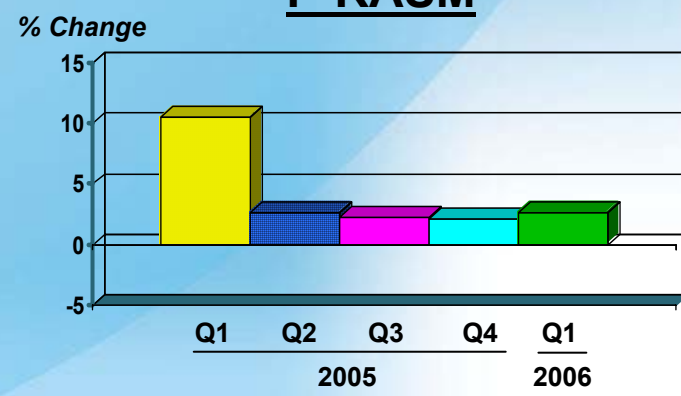
Load Factor



Yield



P-RASM

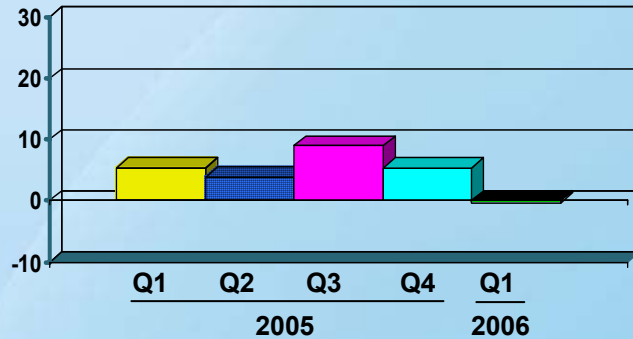


Pacific – Stronger Yield Lifts RASM

Y-O-Y Change

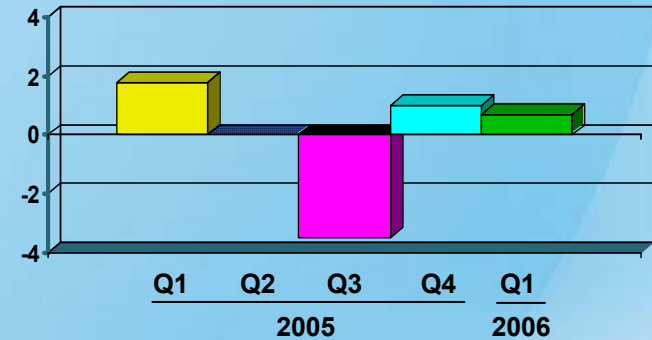
Capacity (ASM)

% Change



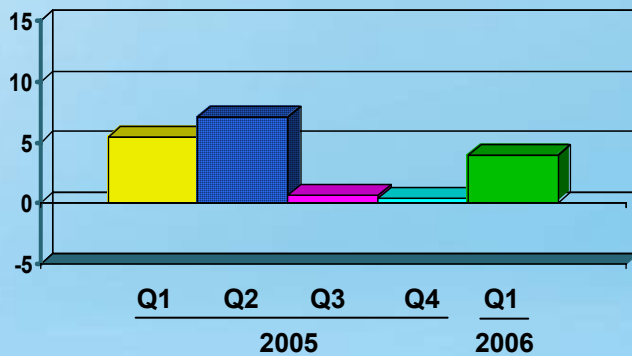
Load Factor

PP Change



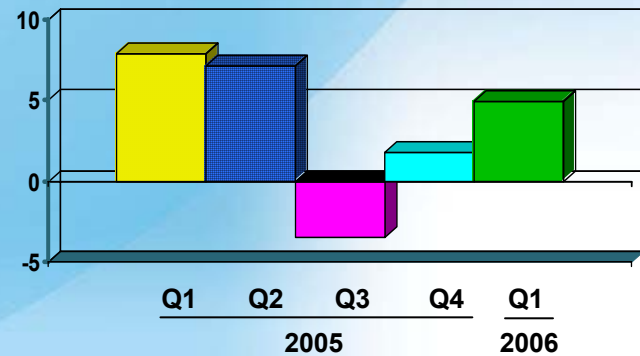
Yield

% Change



P-RASM

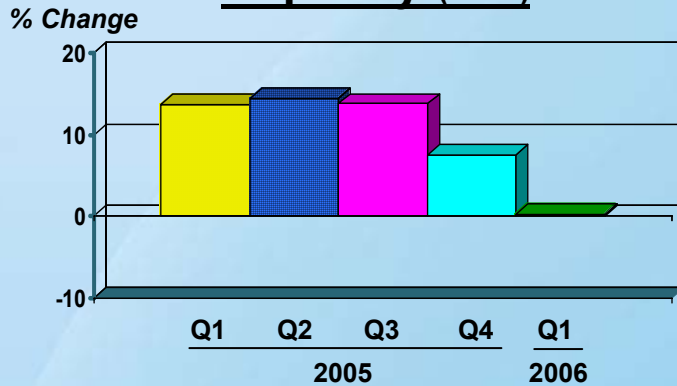
% Change



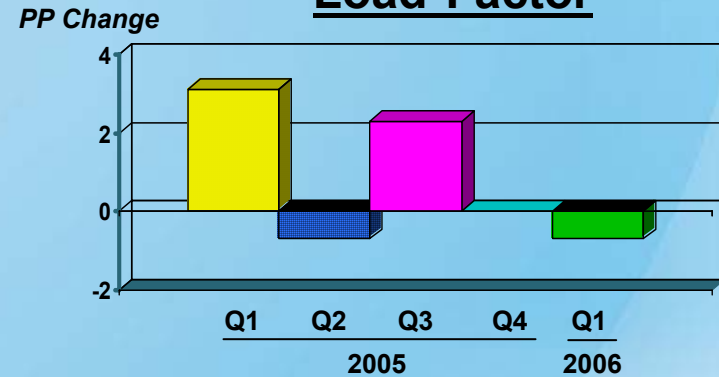
Caribbean, Latin America & Australia – 10.5% RASM Growth All Due Yield

Y-O-Y Change

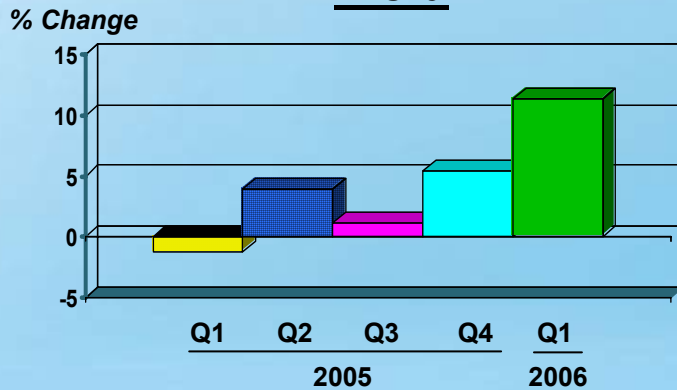
Capacity (ASM)



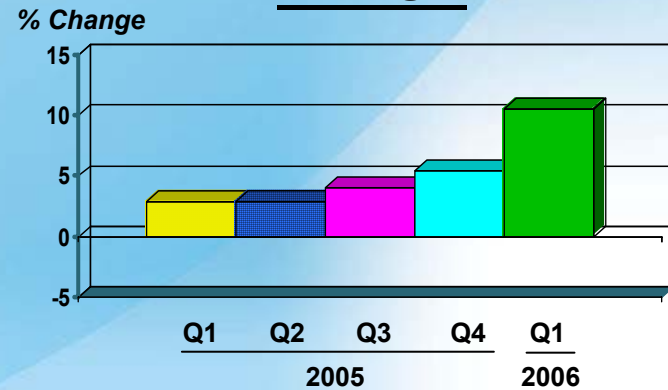
Load Factor



Yield

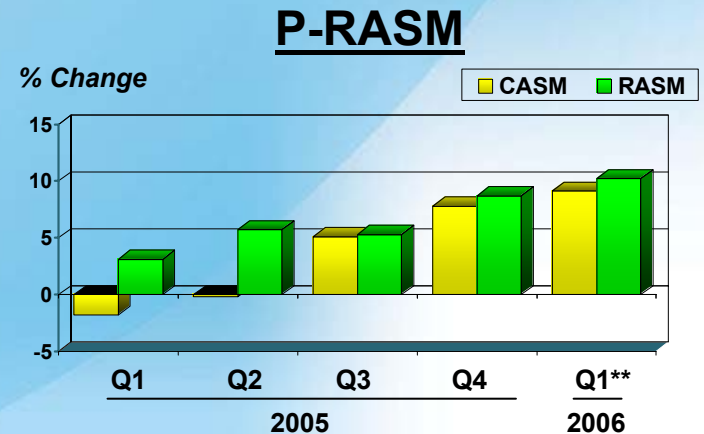
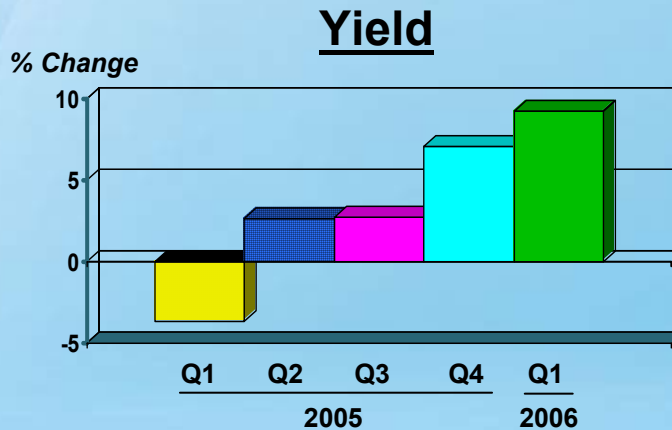
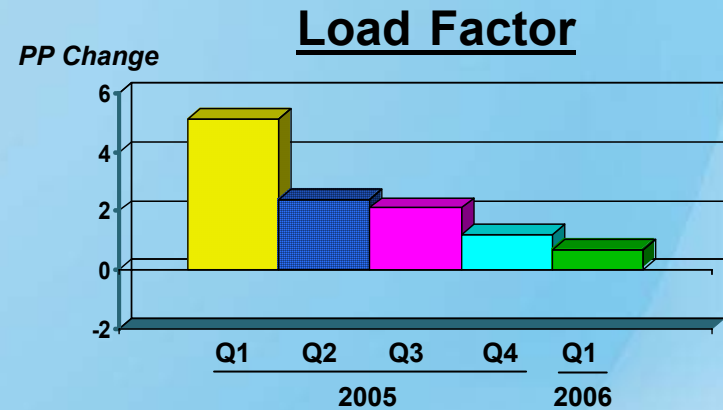
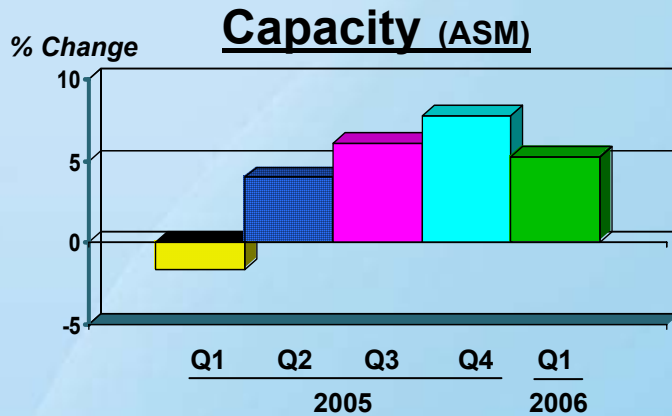


P-RASM



Total* – System RASM Up on Strong Yield

Y-O-Y Change

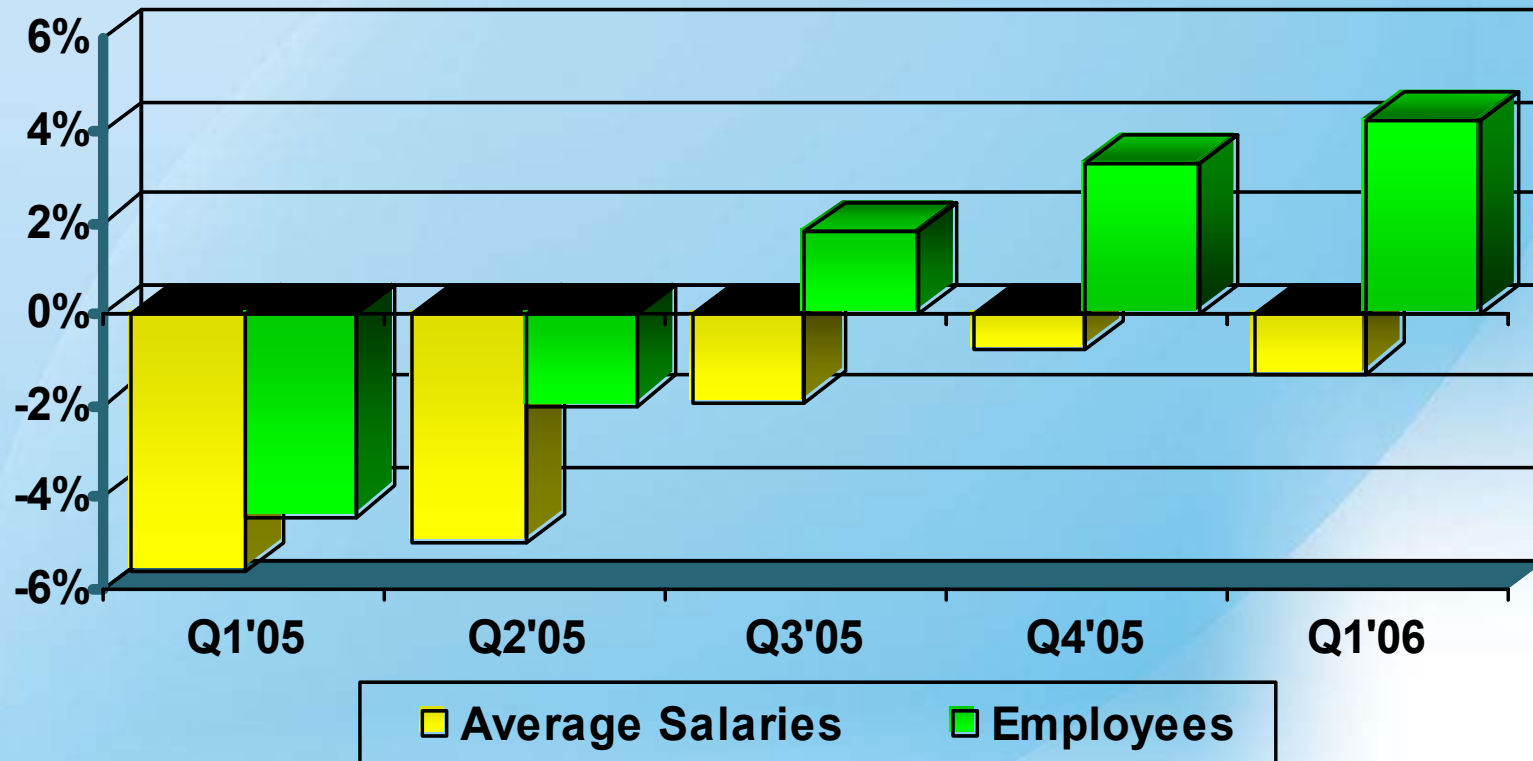


* Consolidated
 **Excludes special labour charge

Average Salary Down 1.3%, Employee Levels Up 1343 or 4.2% Mostly at Jazz & ACTS

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

% Change Y-O-Y

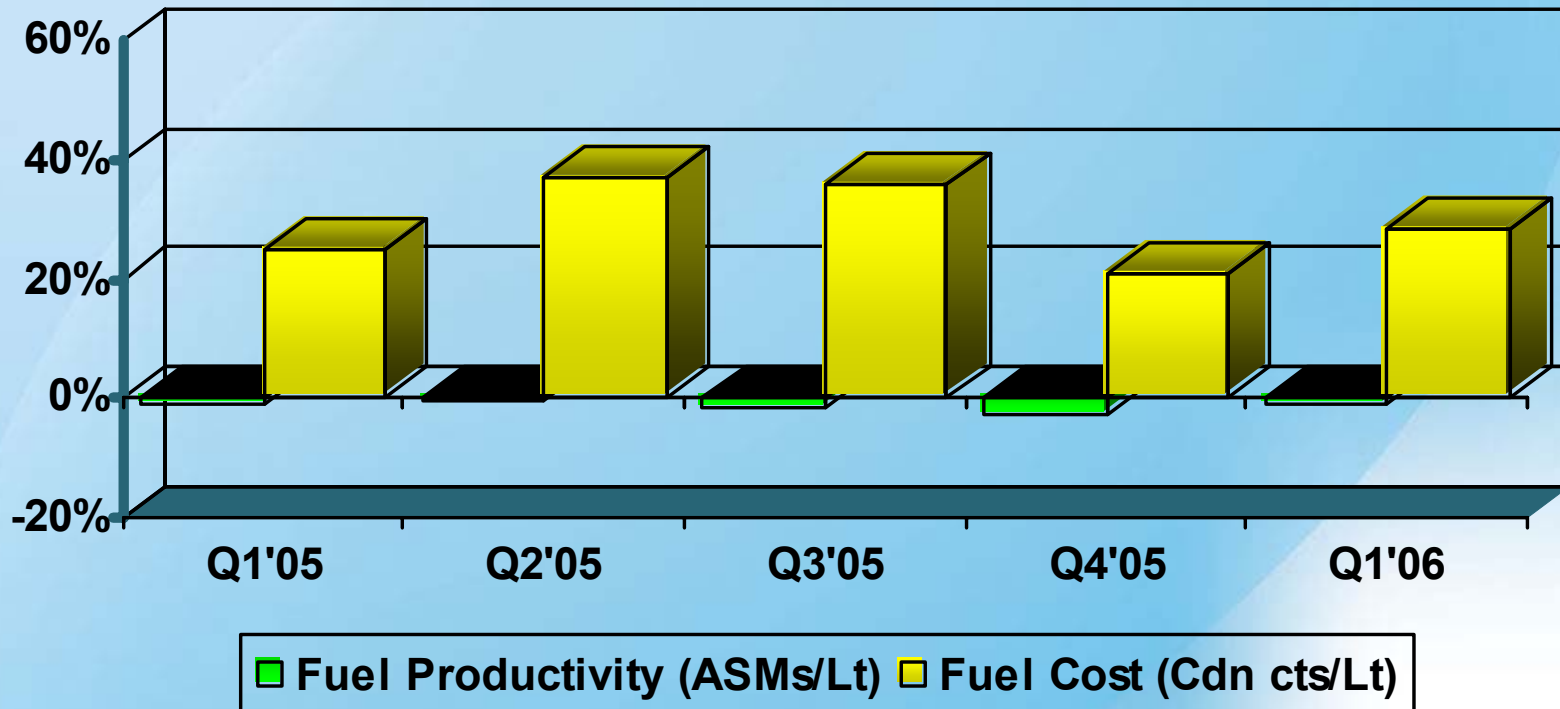


*Q3 and Q4'05 consolidated - prior quarters, mainline (excluding Jazz)

Cost/Litre Up 28.3% While Fuel Prod. Decl. 0.9%. Embraer & CRJ Expansion + Two Add. Freighters

(Fuel Productivity* & Unit Cost*)

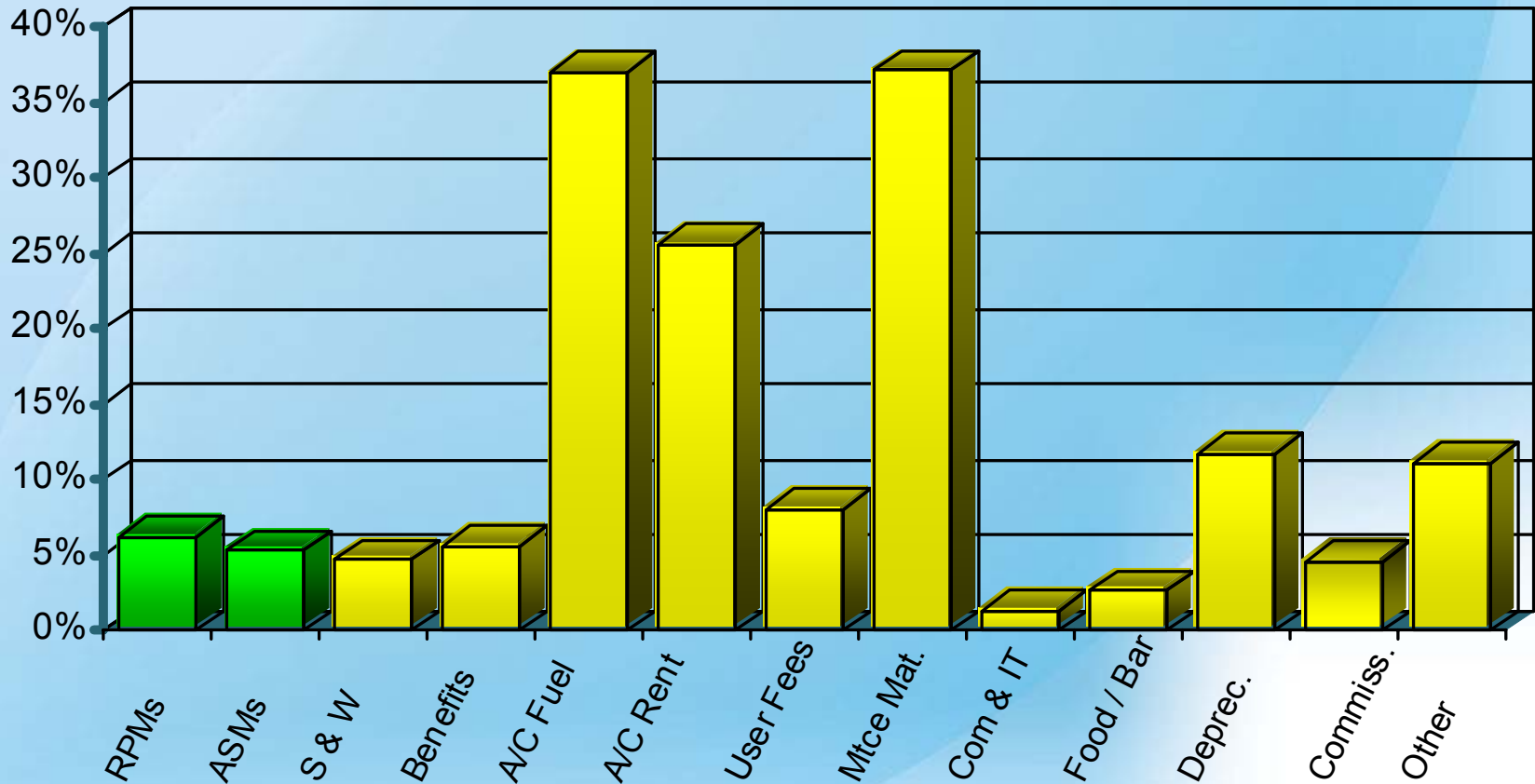
% Change Y-O-Y



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

Higher Cust. Mtce. Mats., Incr. Fees & Services, Terminal Hndlg. Chrgs., Cr. Card Fees, Advert., & Crew Cycle Push Up "Other" Cat.

% Change Y-O-Y



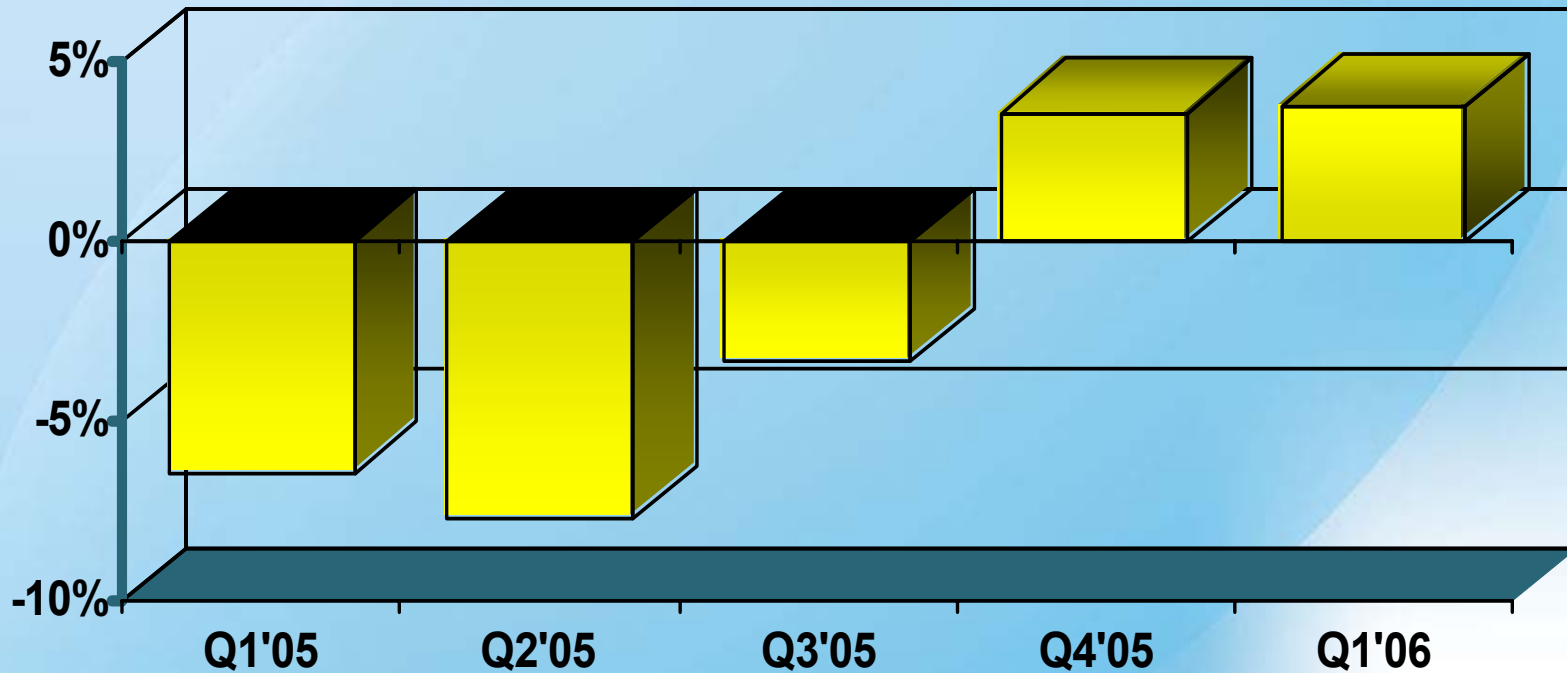
Consolidated

Q1 2006/2005

Unit Cost Excl. Fuel & Spec. Labour Chrg., Up 3.8% Due Higher Ownshp. Chrgs., Incr. Mtce., Cust Materials.

(Cost Per ASM*)

% Change Y-O-Y



*Consolidated

Balance Sheet –

Good Liquidity, Good Working Capital

(ACE Aviation Holdings - Consolidated)

	Mar 31/06 \$ mlns	Dec 31/05 \$ mlns	% Change
Cash + S. Term Invst.	\$ 2,629	\$ 2,181	21%
Current Assets	\$ 3,753	\$ 3,354	12%
Property & Equip.	\$ 5,660	\$ 5,494	3%
Current Liabilities	\$ 3,279	\$ 3,011	9%
Long Term Debt	\$ 3,710	\$ 3,543	5%
Shareholder's Equity	\$ 1,230	\$ 1,168	5%
Book Value/share (basic)	\$ 12.07	\$ 11.47	5%

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