

**AIR CANADA** 

# **Fourth Quarter 2006**

*February 9, 2007*

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- Expense Highlights

# Q4 2006

## Actual vs Prior Year

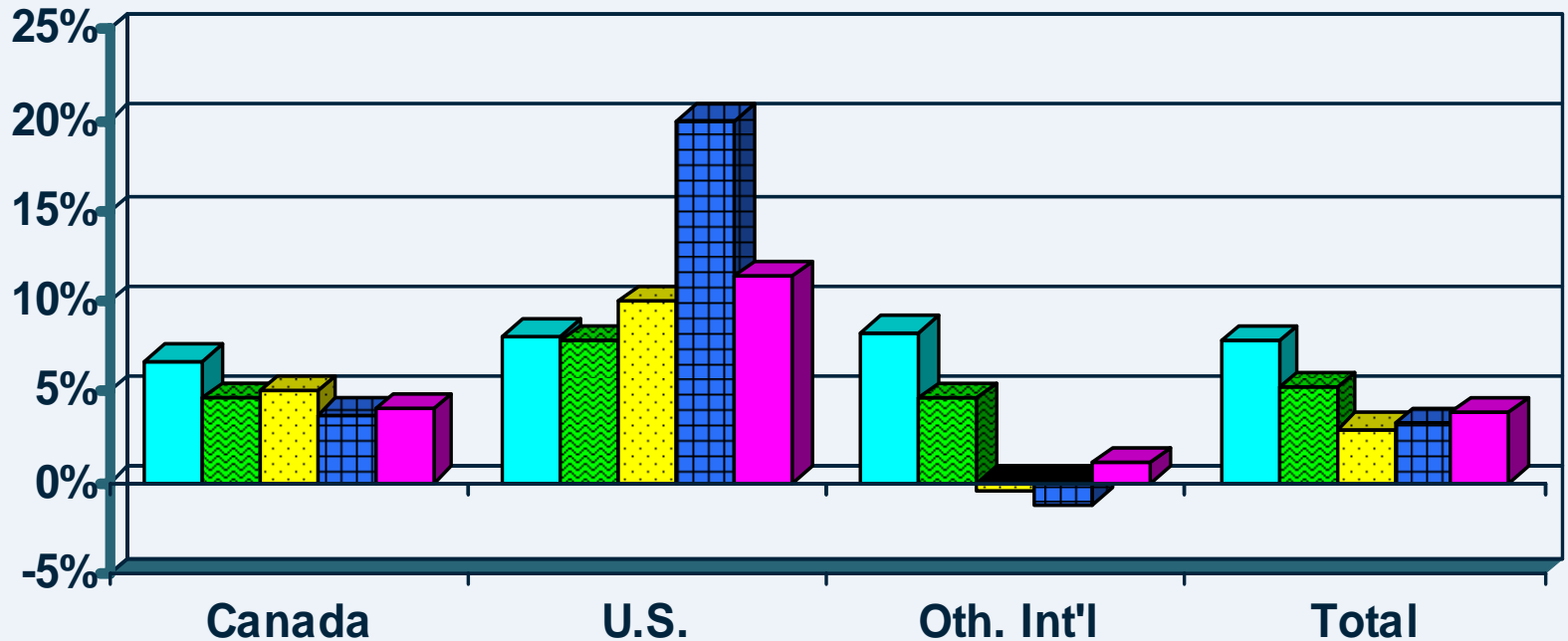
### Consolidated

	ASMs	RPMs	PLF	Yield	RASM	Rev
Canada	↑ 4.1%	↑ 6.5%	↑ 1.7 PP	--- 0.0%	↑ 2.2%	↑ 6.4%
US Transborder	↑ 11.4%	↑ 14.6%	↑ 2.0 PP	↓ 3.5%	↓ 0.7%	↑ 10.4%
Atlantic	↑ 2.0%	↑ 1.8%	--- 0.0 PP	↑ 2.3%	↑ 2.2%	↑ 4.2%
Pacific	↑ 0.2%	↑ 0.4%	↑ 0.1 PP	↑ 0.7%	↑ 0.9%	↑ 1.1%
Latin Amer. & Other	↑ 0.6%	↑ 5.1%	↑ 3.0 PP	↑ 1.0%	↑ 5.5%	↑ 6.1%
<b>Total</b>	<b>↑ 3.9%</b>	<b>↑ 5.4%</b>	<b>↑ 1.1 PP</b>	<b>↑ 0.7%</b>	<b>↑ 2.3%</b>	<b>↑ 6.3%</b>
			<b>Total Expense</b>			<b>↑ 2.4%</b>
			<b>Total CASM</b>		<b>↓ 1.4%</b>	
			<b>Total CASM excl. Fuel</b>		<b>↓ 1.0%</b>	

# North American Growth is the Driver in 3.9% Overall Capacity Increase

(Y-O-Y Changes in Consolidated Capacity)

*% Change in ASMs*

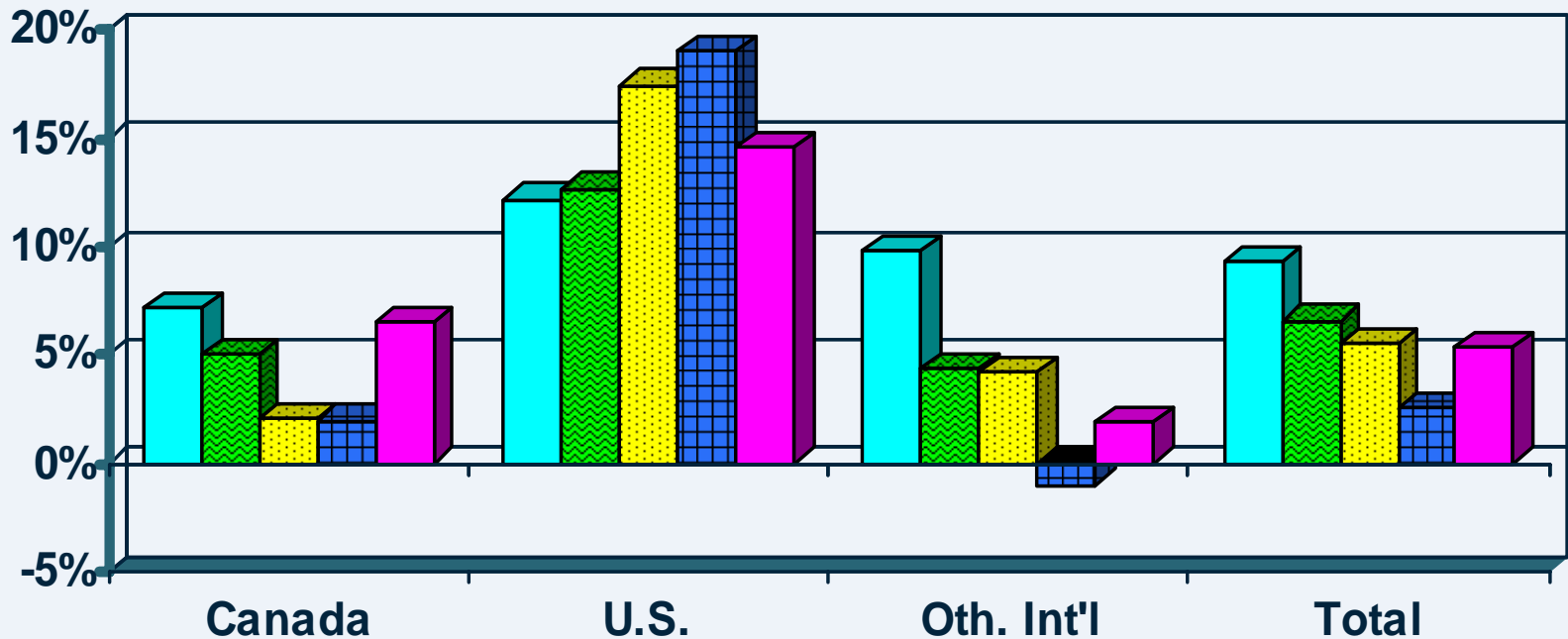


■ Q4 2005/2004 ■ Q1 2006/2005 ■ Q2 2006/2005 ■ Q3 2006/2005 ■ Q4 2006/2005

# Strong Traffic Outpaces Capacity Growth in All Sectors

(Y-O-Y Changes in Consolidated Traffic)

*% Change in RPMs*

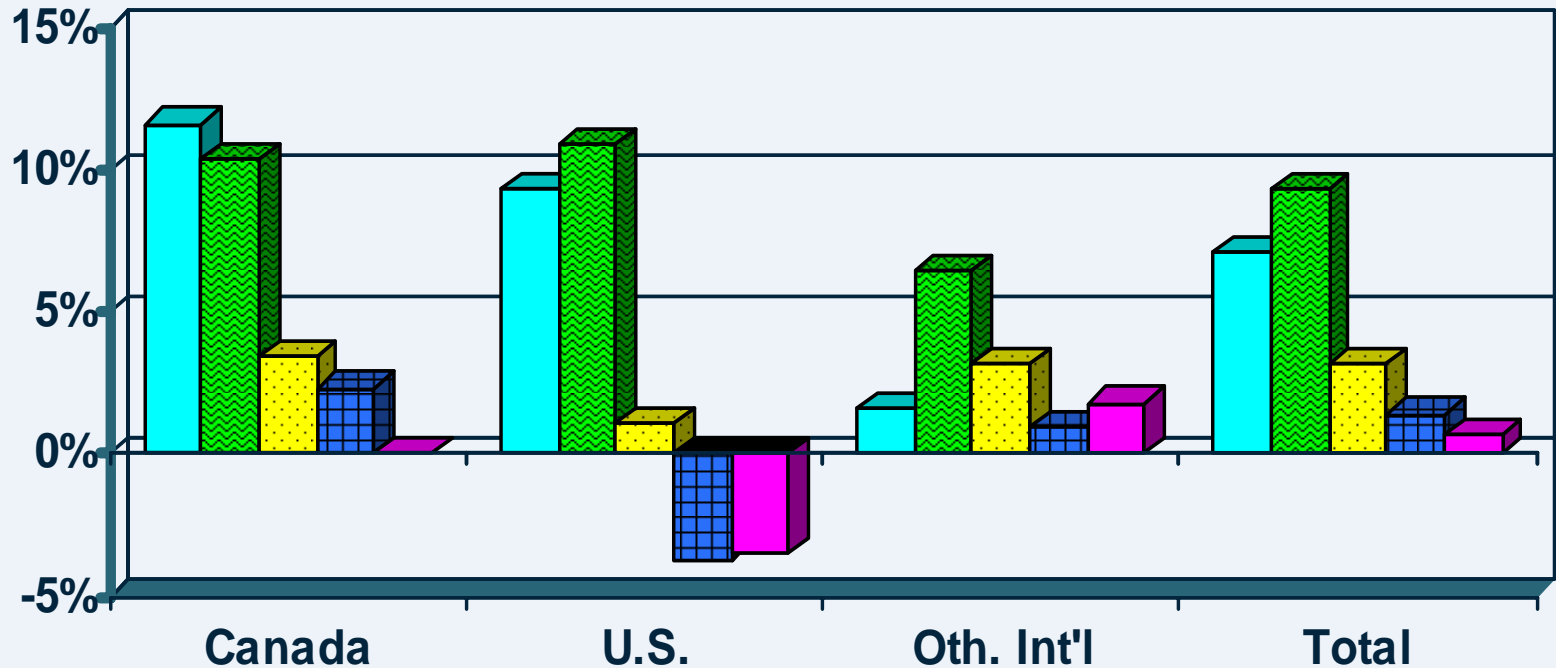


■ Q4 2005/2004 ■ Q1 2006/2005 ■ Q2 2006/2005 ■ Q3 2006/2005 ■ Q4 2006/2005

# Flat Domestic Yield Slows Overall Yield Growth

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

*% Change in Yield*

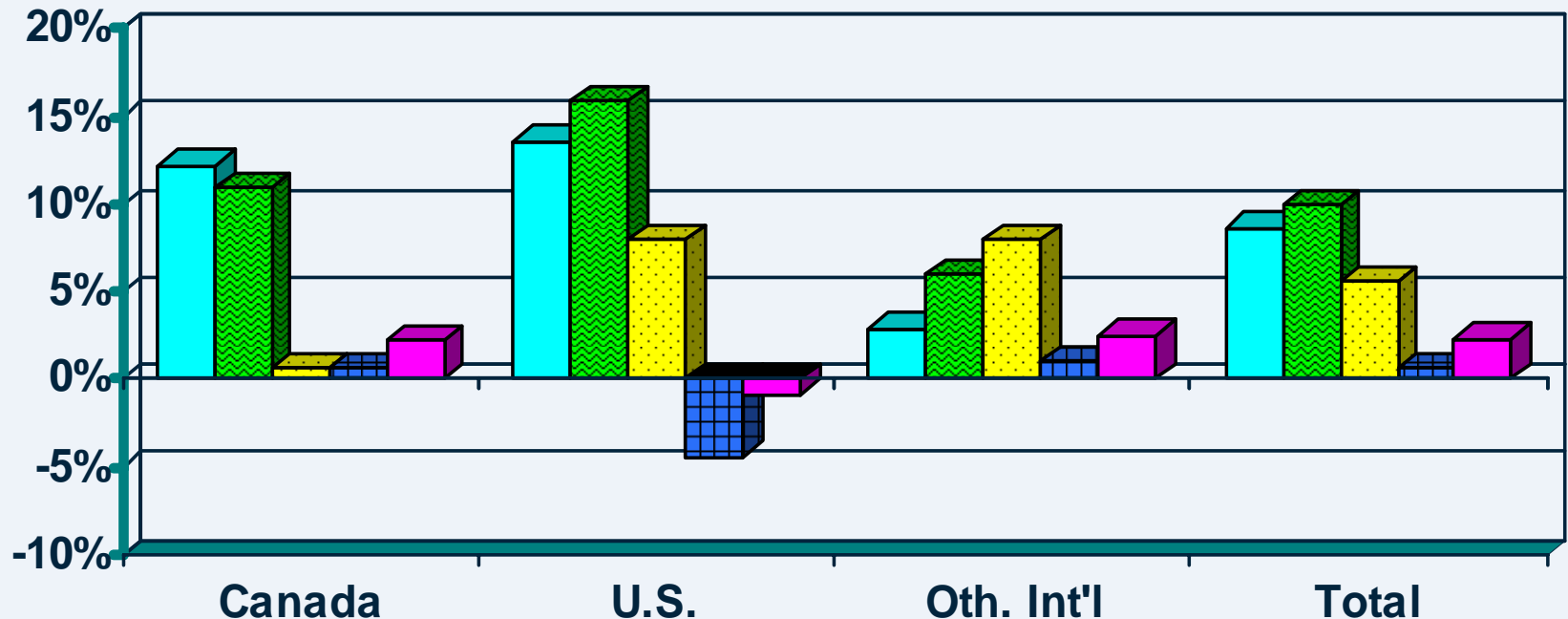


■ Q4 2005/2004 ■ Q1 2006/2005 ■ Q2 2006/2005 ■ Q3 2006/2005 ■ Q4 2006/2005

# System RASM Growth Strengthens on Higher LF

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

*% Change in RASM*

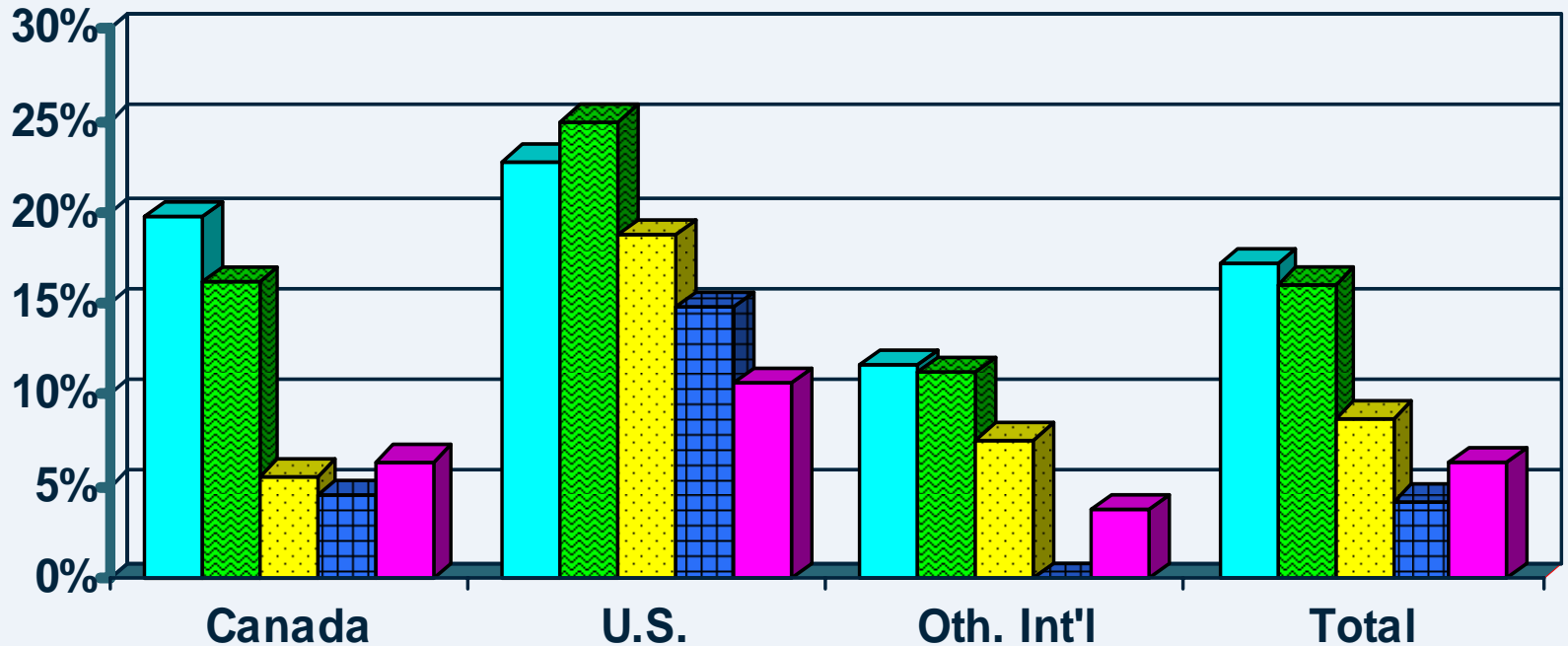


■ Q4 2005/2004 ■ Q1 2006/2005 ■ Q2 2006/2005 ■ Q3 2006/2005 ■ Q4 2006/2005

# System Revenue Growth Accelerates on Higher Int'l Revenues

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

*% Change in Revenue*

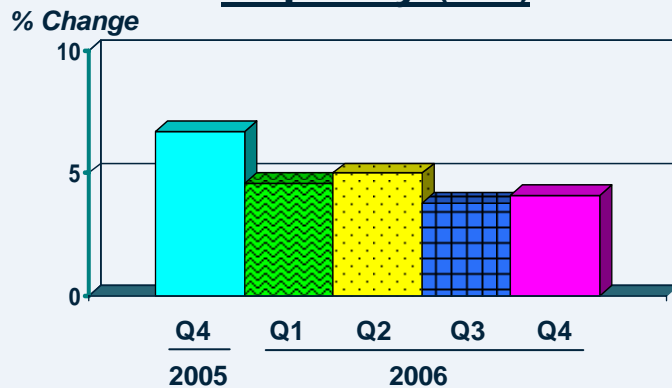


■ Q4 2005/2004 ■ Q1 2006/2005 ■ Q2 2006/2005 ■ Q3 2006/2005 ■ Q4 2006/2005

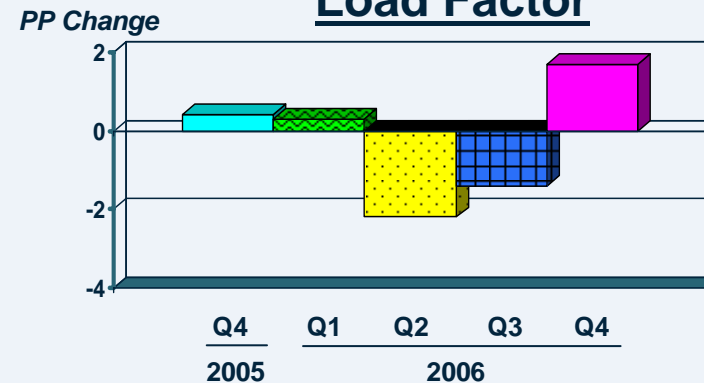
# Canada\* – Q4 RASM Up 2.2% All on 1.7 PP LF Increase

## Y-O-Y Change

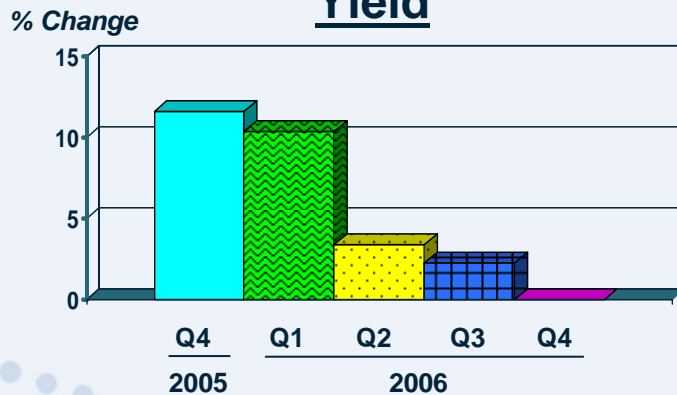
### Capacity (ASM)



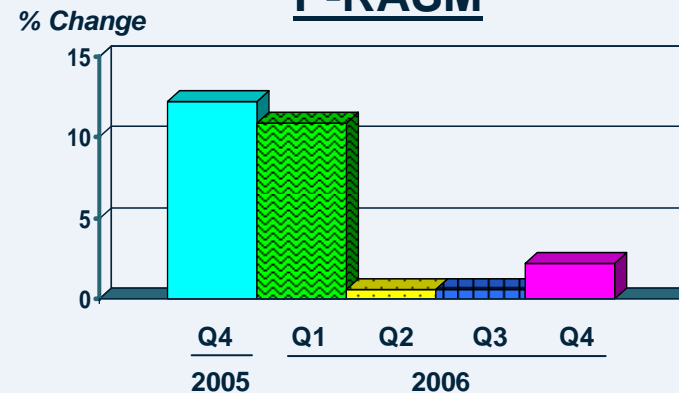
### Load Factor



### Yield



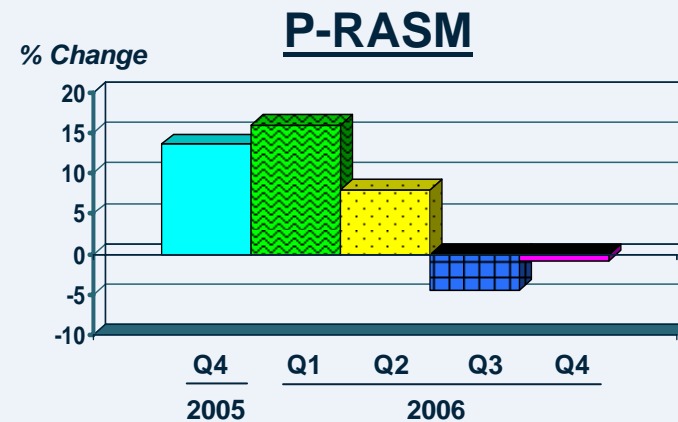
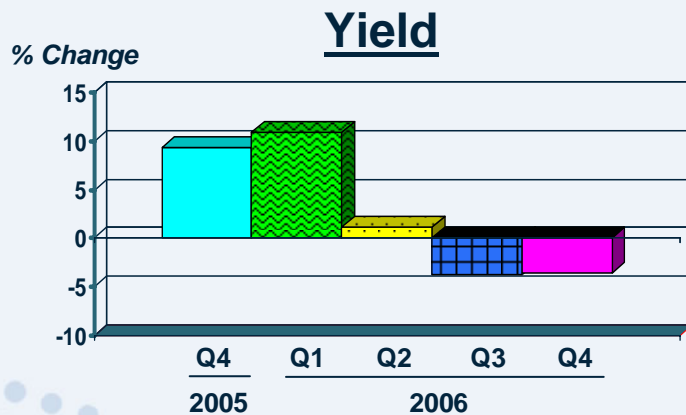
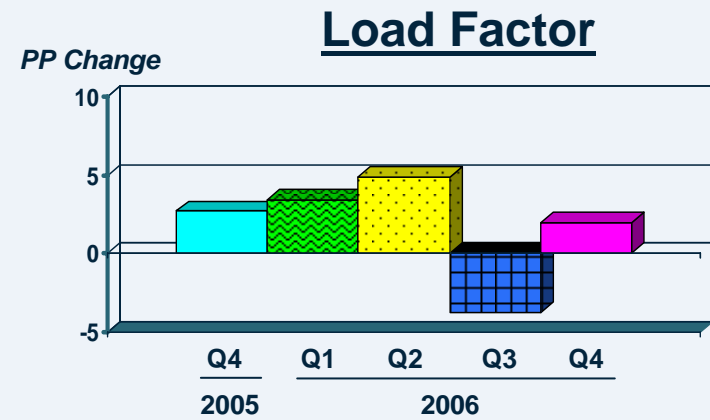
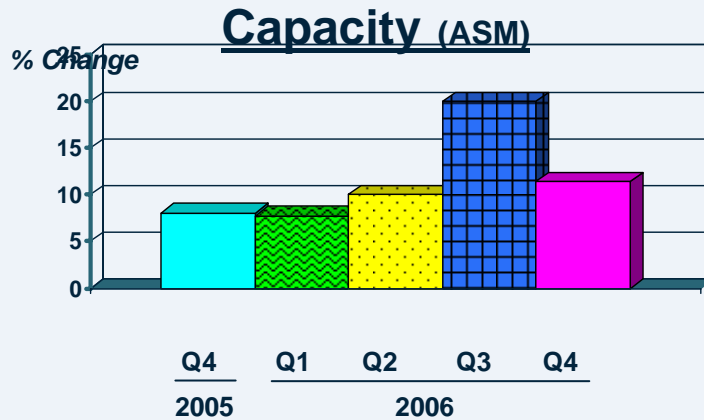
### P-RASM



\*Consolidated

# US Transborder\* – RASM Declines Marginally as Strong Load Factor Almost Offsets Soft Yield

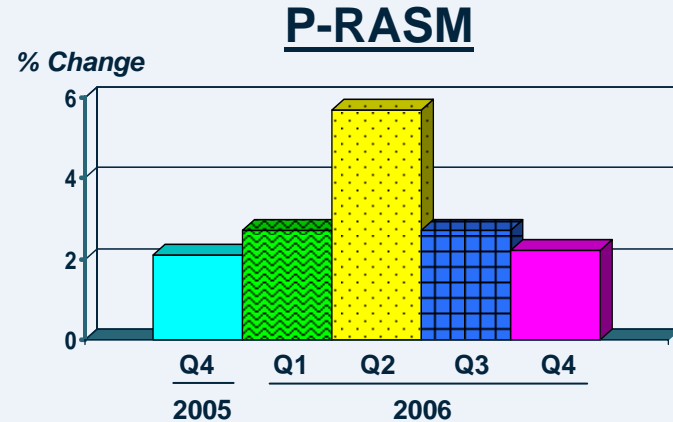
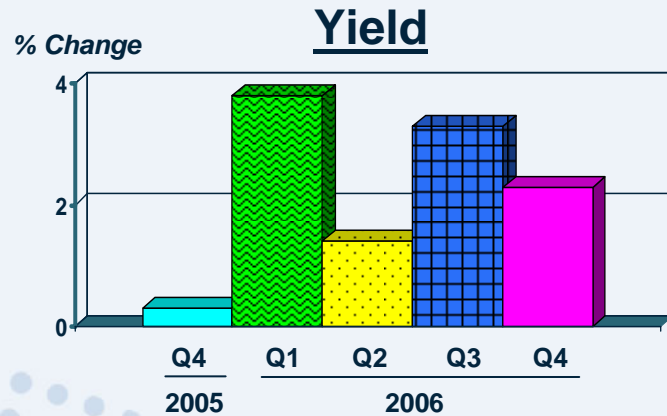
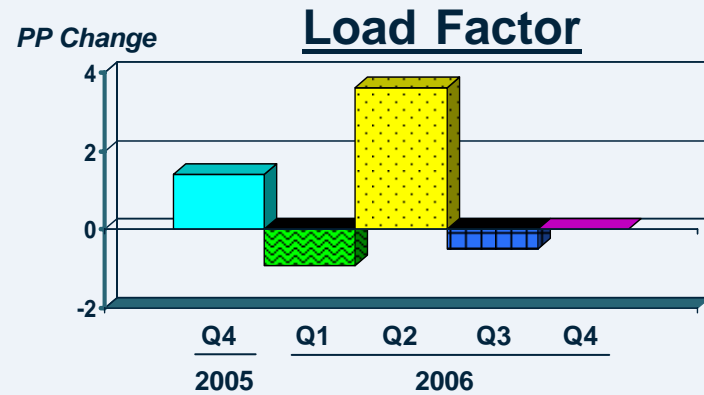
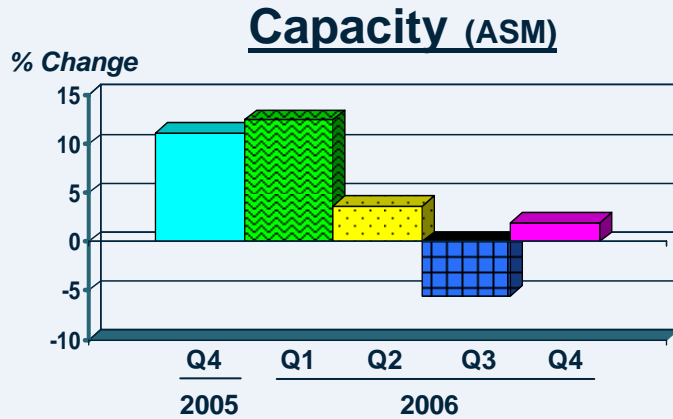
## Y-O-Y Change



\*Consolidated

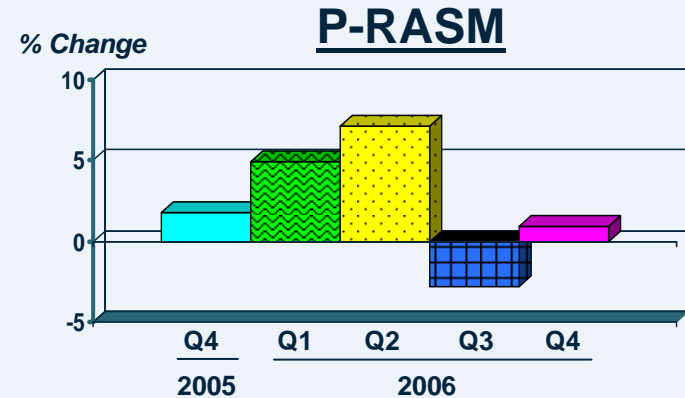
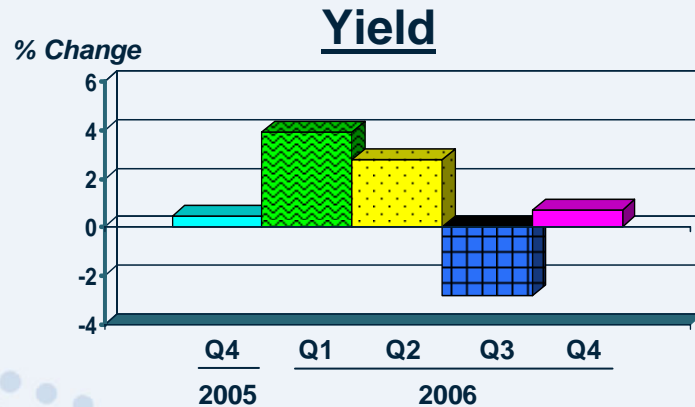
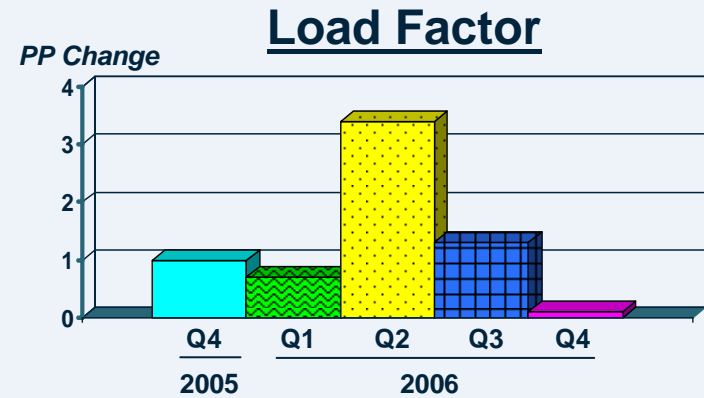
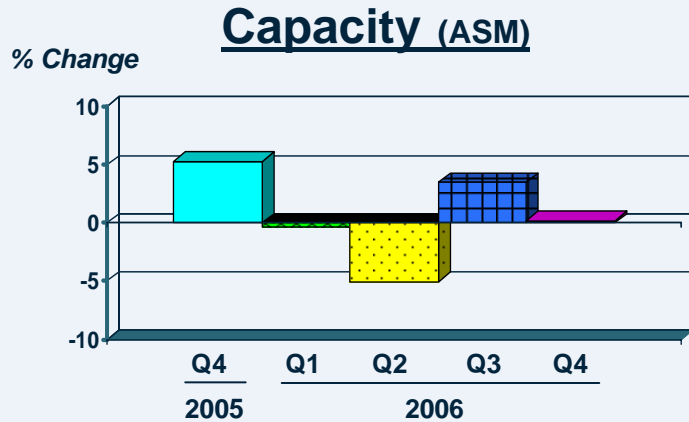
# Atlantic – Strong Yield Continues to Lift RASM

## Y-O-Y Change



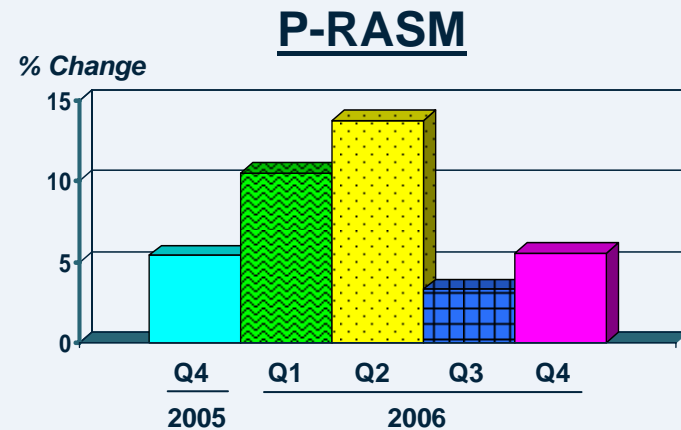
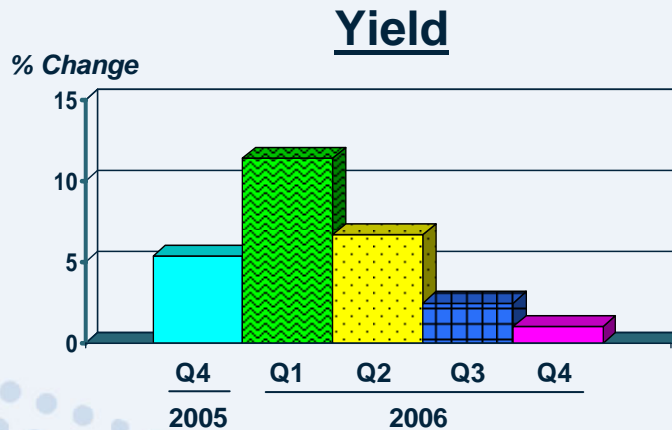
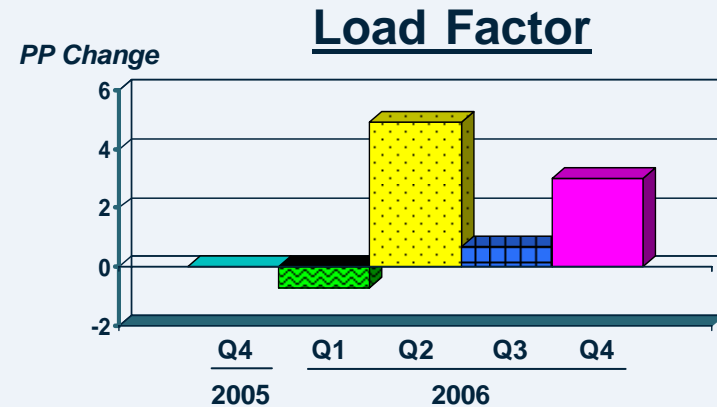
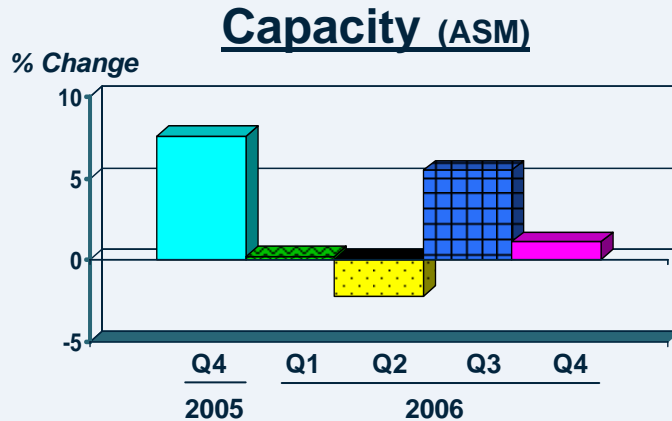
# Pacific – RASM Regains Growth on Improved Yield

## Y-O-Y Change



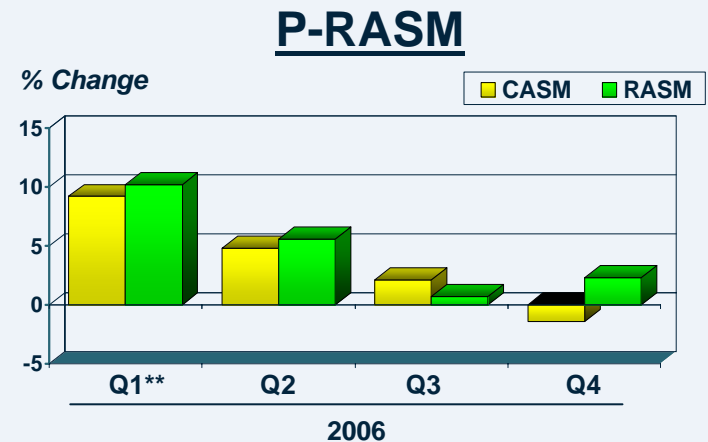
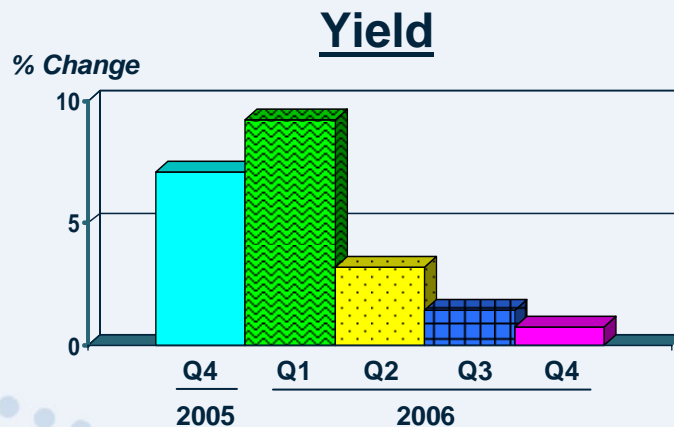
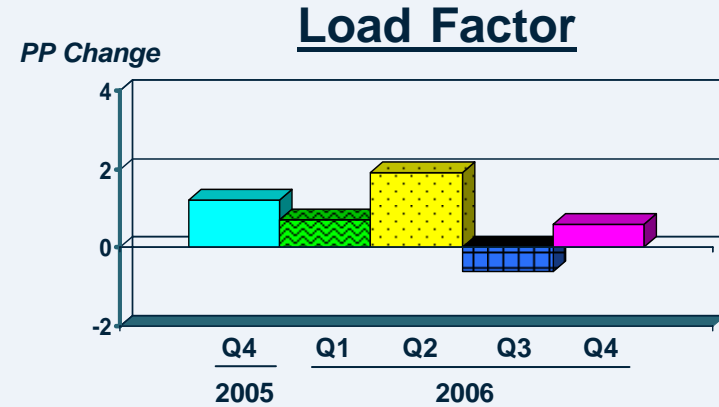
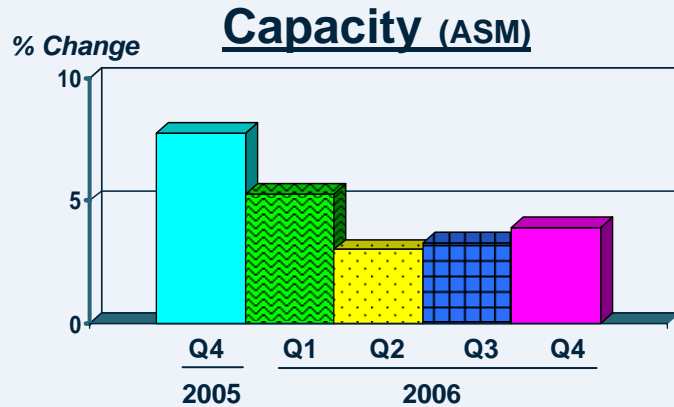
# Caribbean, Latin America & Australia – RASM Growth Accelerates on Stronger Load Factor

## Y-O-Y Change



# Total\* – System RASM Picks Up Speed as Strong Overall Demand Pushes Up Load Factor

## Y-O-Y Change



\*Consolidated

\*\*Excludes special labour charge

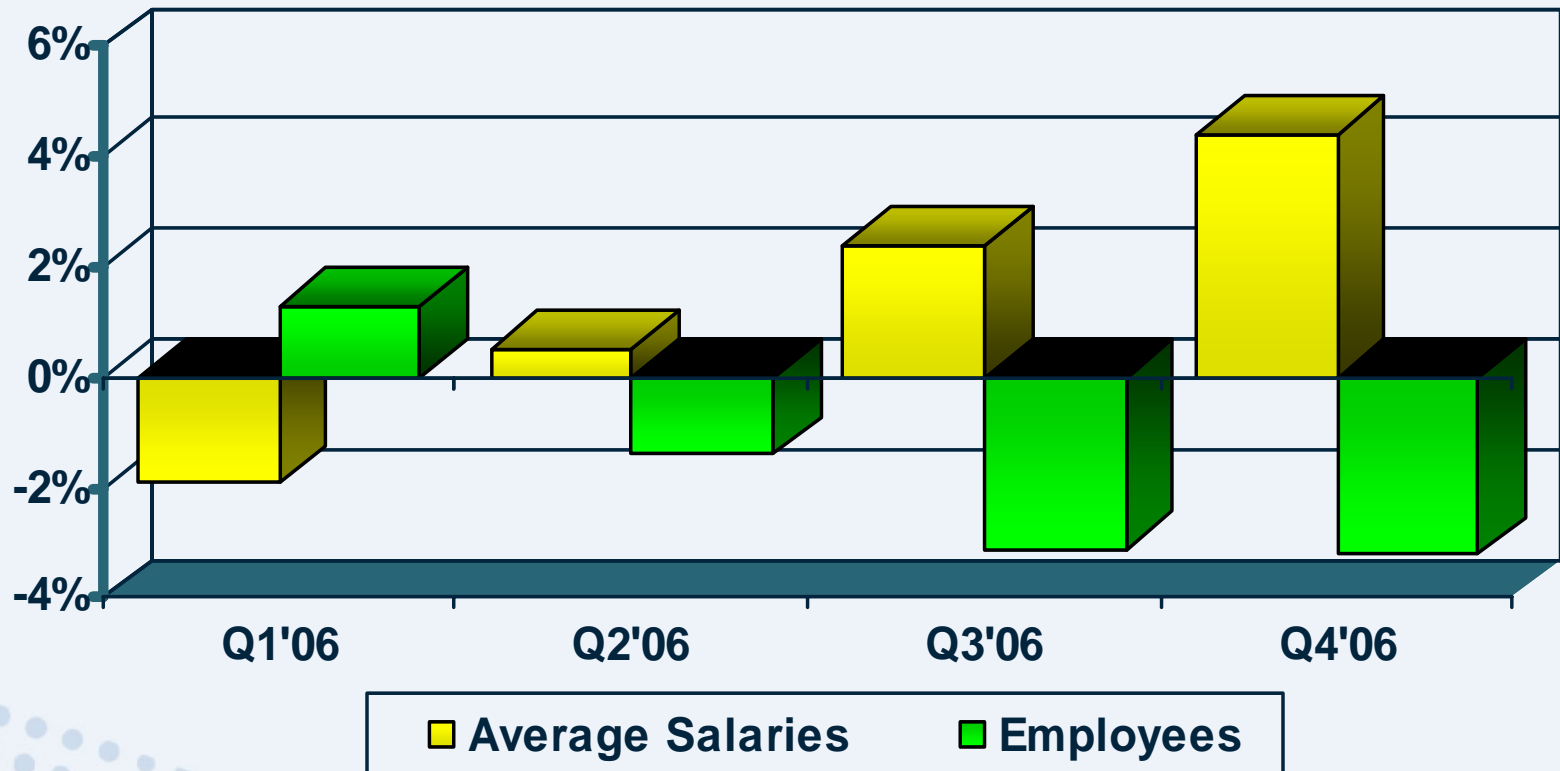
# Average Salary Up 4.4%, Employee Levels Down 769 or 3.2%.

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## Air Canada Services

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

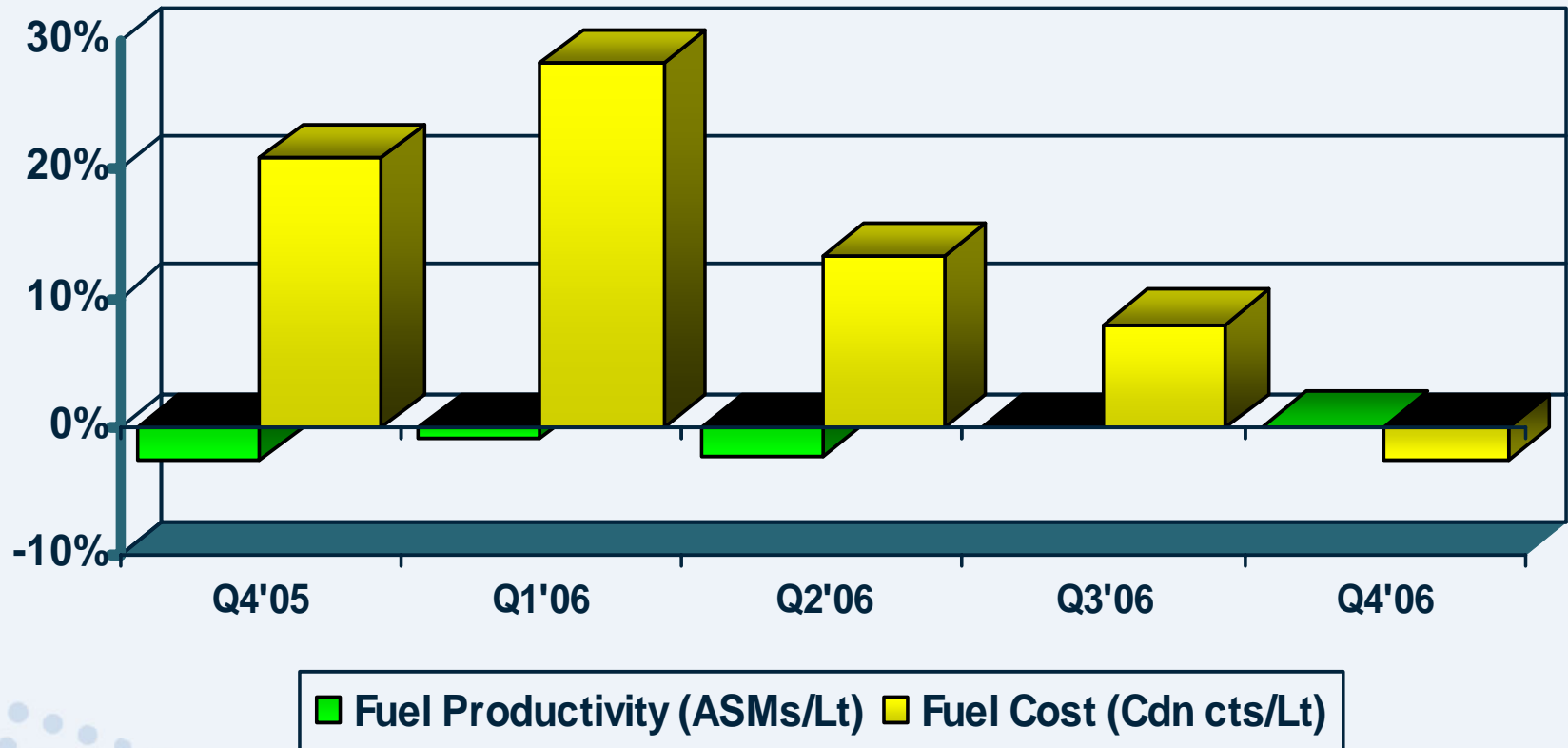
% Change Y-O-Y



# Cost/Litre Down 2.5% While Fuel Productivity is Unchanged

(Fuel Productivity & Unit Cost)

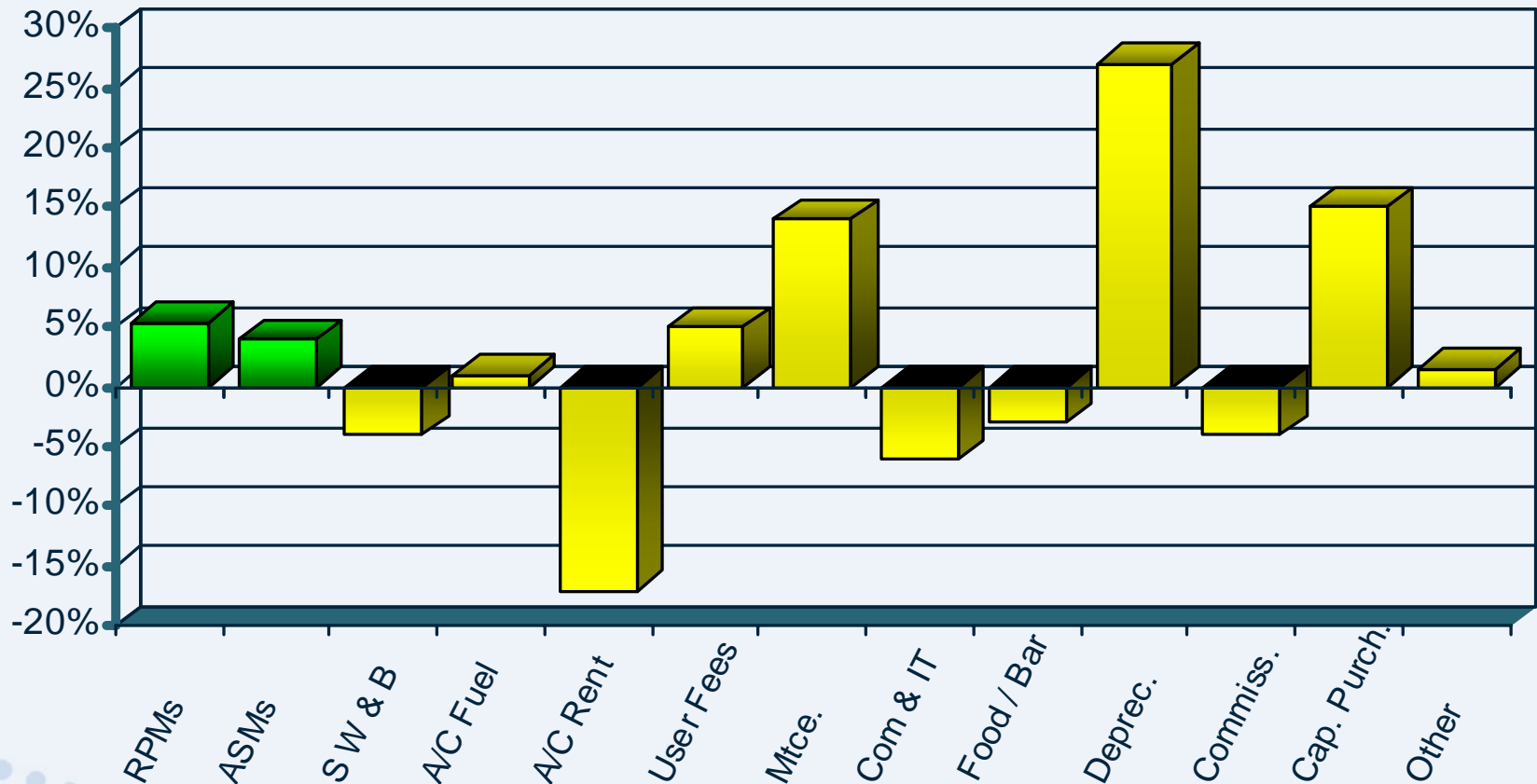
% Change Y-O-Y



# Other Than Mtce., User Charges, Depreciation and Capacity Purchase, Most Cost Categories are Down

## Air Canada Services

*% Change Y-O-Y*



**Q4 2006/2005**

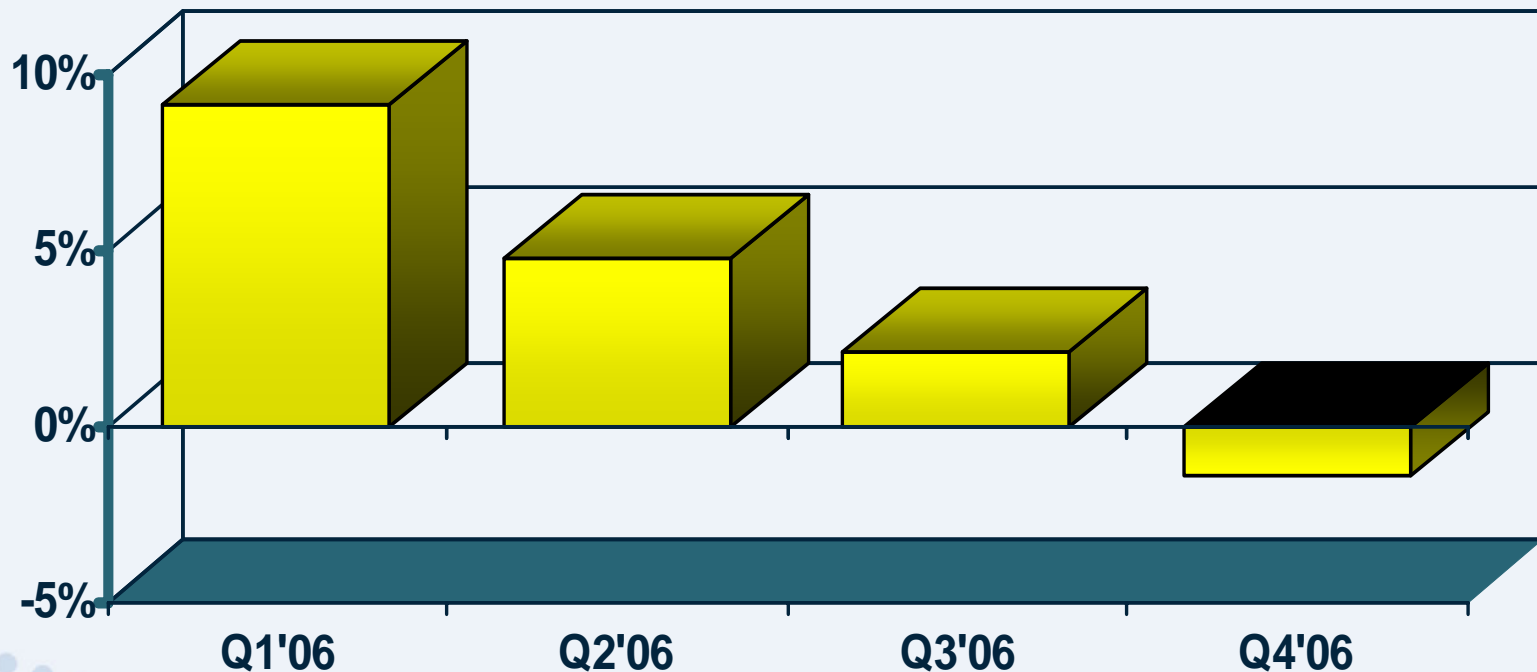
# Unit Cost Down 1.4% Due Lower Fuel, Improvements in SW&B, Food & Bar and "Other" Costs

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## Air Canada Services

(Cost Per ASM)

*% Change Y-O-Y*



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