

AIR CANADA 

Third Quarter 2007

November 9, 2007

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Record Air Canada Operating Income of \$351 mln

<i>(millions)</i>	Q3 2007	Q3 2006	Change Fav./Unfav.)
Psgr, Cargo & Other Revenue	\$ 2,954	\$ 2,861	\$ 93
Special Aeroplan Charge	-	(102)	102
Oper. Revenue	2,954	2,759	195
Oper. Expense	2,603	2,629	26
Oper. Income	\$ 351	\$ 130	\$ 221
Oper. Income (excl. Aeroplan charge)	\$ 351	\$ 232	\$ 119
EBITDAR	\$ 561	\$ 335	\$ 226
EBITDAR (excl. Aeroplan charge)	\$ 561	\$ 437	\$ 124

Q3 Net Interest Expense Down \$3 mln

<i>(millions)</i>	Q3 2007	Change Fav./Unfav.)
Net Interest Expense	\$ (37)	\$ 3
Loss on Disposal	(2)	(3)
Other Non-Operating Expense	(6)	8
Total Non-Operating Expense	\$ (45)	\$ 8

Q3 2007

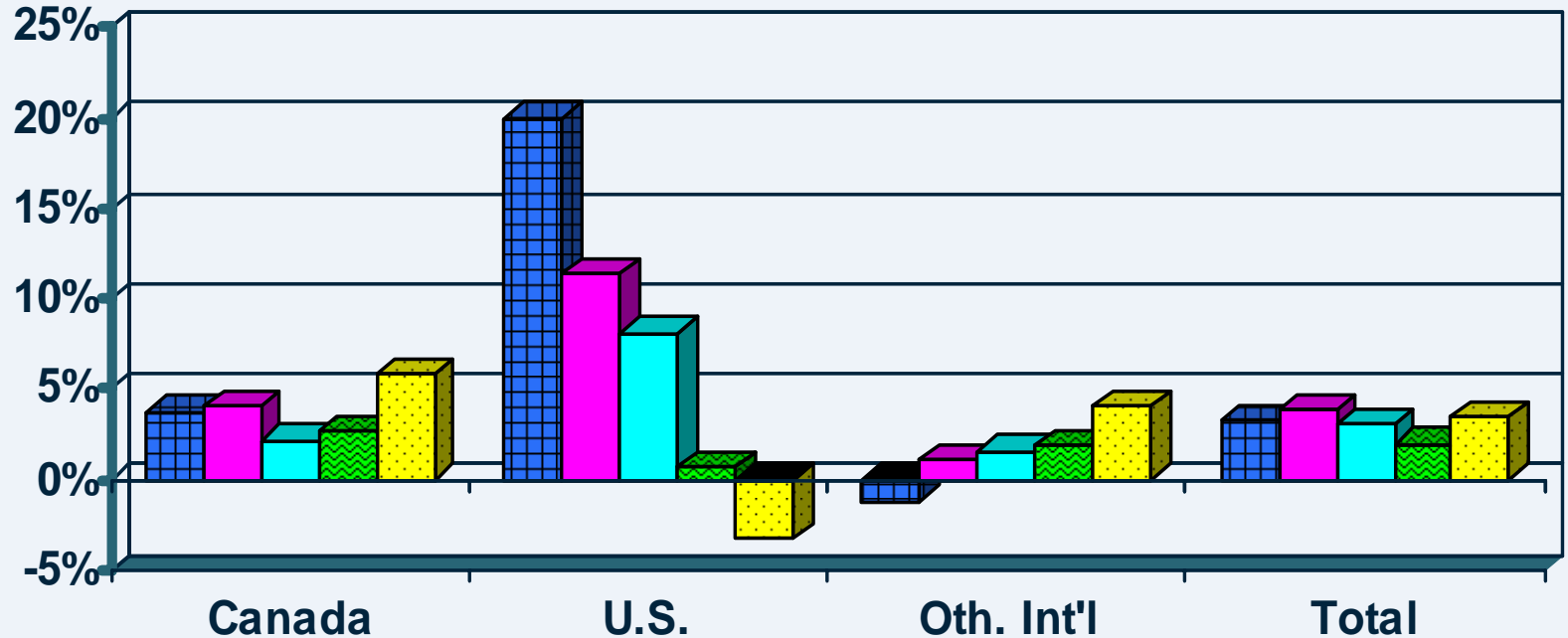
Actual vs Prior Year

	ASMs	RPMs	PLF	Yield	RASM	Rev
Canada	↑ 5.9%	↑ 5.4%	↓ 0.4 PP	↑ 4.0%	↑ 3.5%	↑ 9.5%
US Transborder	↓ 3.2%	↓ 2.4%	↑ 0.6 PP	↑ 5.9%	↑ 6.7%	↑ 3.3%
Atlantic	↑ 4.2%	↑ 3.0%	↓ 0.9 PP	↓ 5.5%	↓ 6.5%	↓ 2.6%
Pacific	↑ 3.1%	↑ 2.2%	↓ 0.8 PP	↓ 1.5%	↓ 2.4%	↑ 0.7%
Latin Amer. & Other	↑ 6.8%	↑ 7.6%	↑ 0.6 PP	↓ 1.5%	↓ 0.8%	↑ 6.0%
Total	↑ 3.5%	↑ 3.1%	↓ 0.3 PP	↑ 1.1%	↑ 0.7%	↑ 4.2%
			Total Expense			↓ 1.0%
			Total CASM		↓ 4.4%	
			Total CASM excl. Fuel		↓ 2.4%	

U.S. Capacity Reduced in Third Quarter

(Y-O-Y Changes in Capacity)

% Change in ASMs

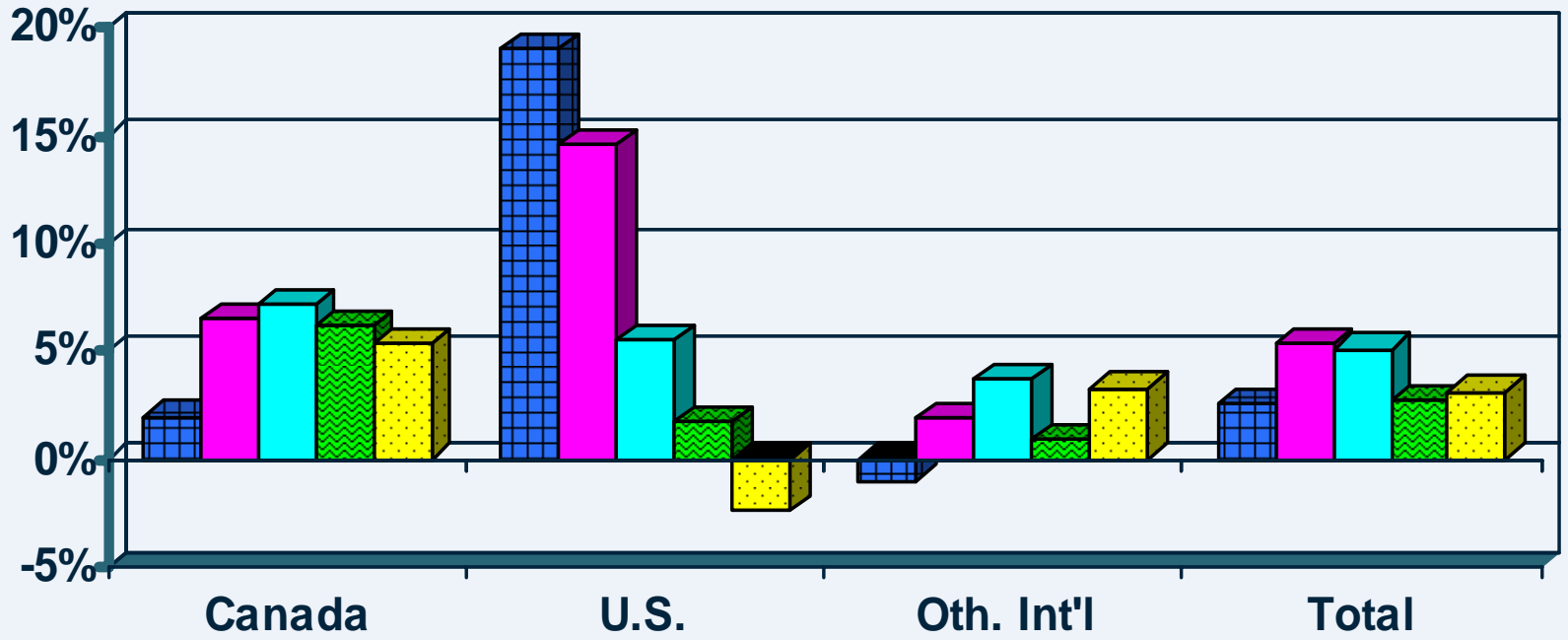


■ Q3 2006/2005 ■ Q4 2006/2005 ■ Q1 2007/2006 ■ Q2 2007/2006 ■ Q3 2007/2006

Strong Domestic Traffic Growth Accounts for 2/3 of Total Increase

(Y-O-Y Changes in Traffic)

% Change in RPMs

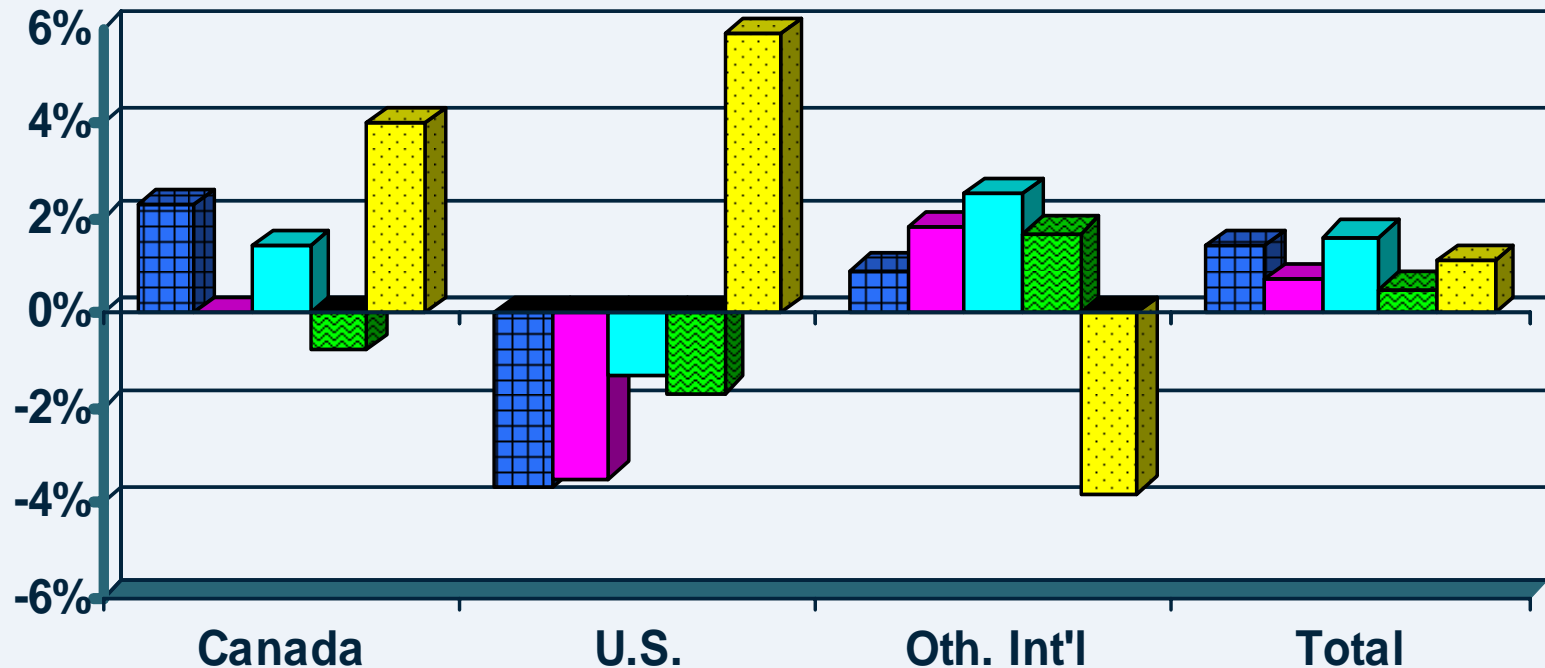


■ Q3 2006/2005 ■ Q4 2006/2005 ■ Q1 2007/2006 ■ Q2 2007/2006 ■ Q3 2007/2006

System Yield Growth Accelerates on Very Strong N/A Yields

(Y-O-Y Changes in Passenger Yield)

% Change in Yield

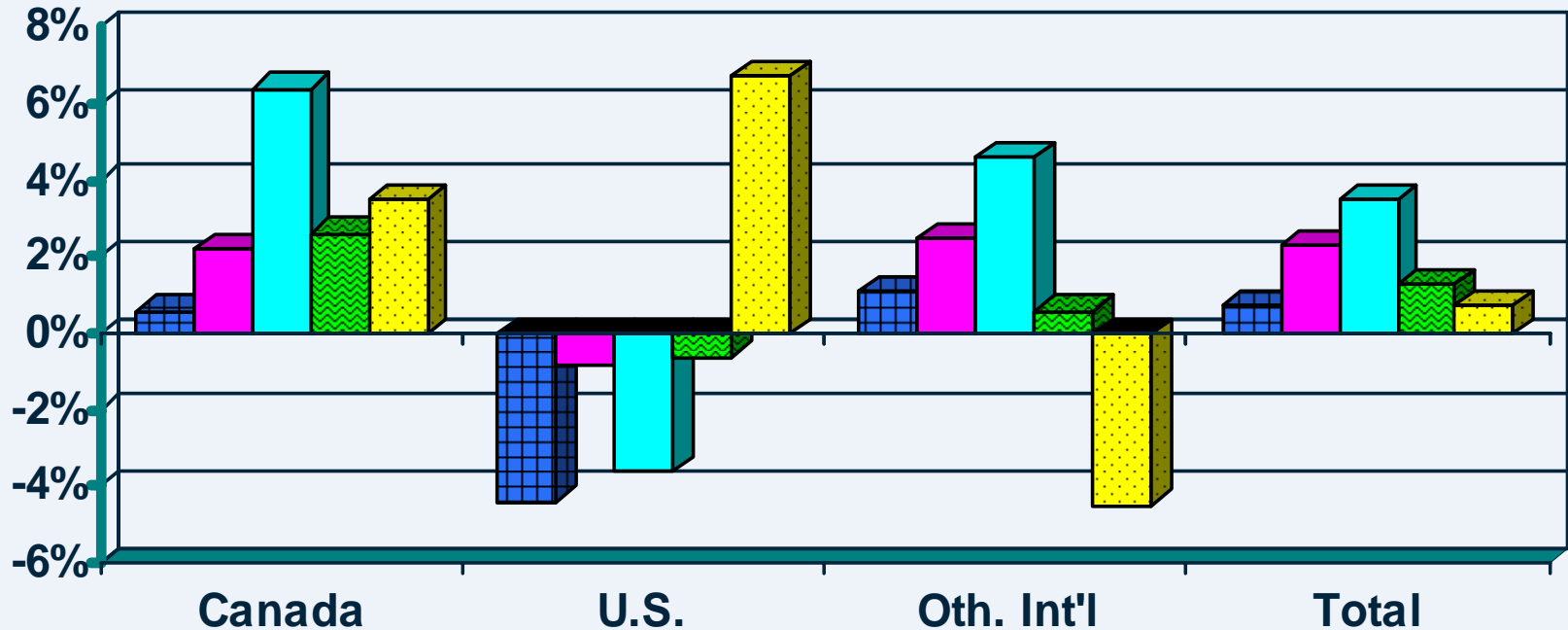


■ Q3 2006/2005 ■ Q4 2006/2005 ■ Q1 2007/2006 ■ Q2 2007/2006 ■ Q3 2007/2006

RASM Also Shows Strong N/A performance – Weak International

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

% Change in RASM

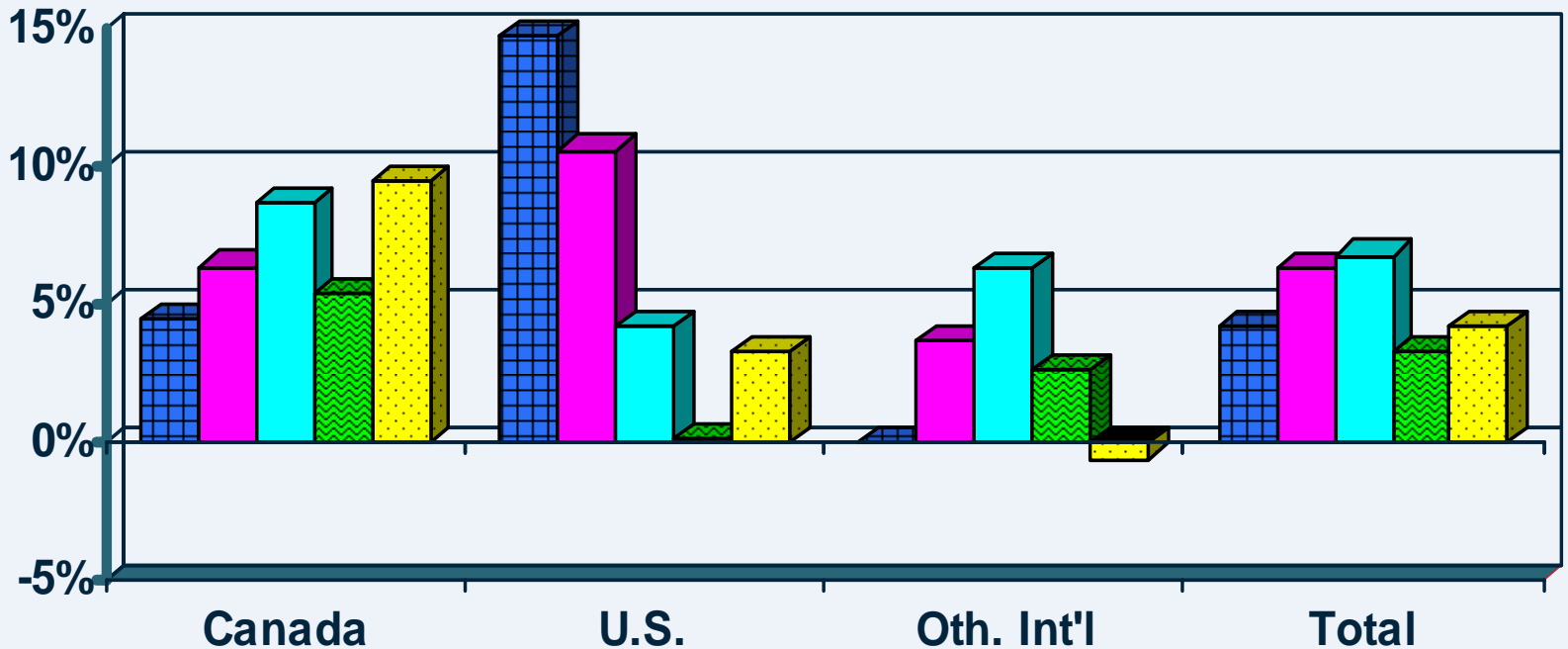


■ Q3 2006/2005 ■ Q4 2006/2005 ■ Q1 2007/2006 ■ Q2 2007/2006 ■ Q3 2007/2006

92% of System Psgr. Revenue Growth Generated by Domestic Services

(Y-O-Y Changes in Passenger Revenue)

% Change in Revenue

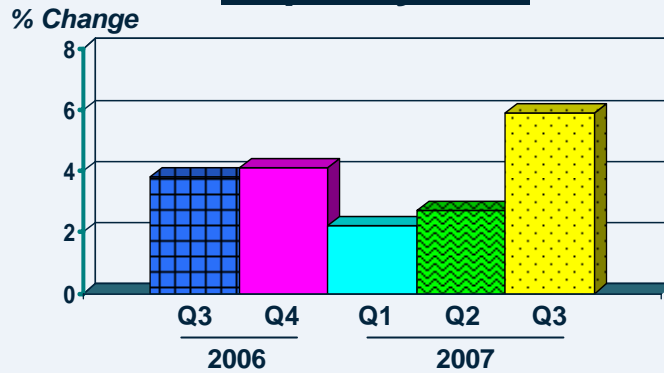


■ Q3 2006/2005 ■ Q4 2006/2005 ■ Q1 2007/2006 ■ Q2 2007/2006 ■ Q3 2007/2006

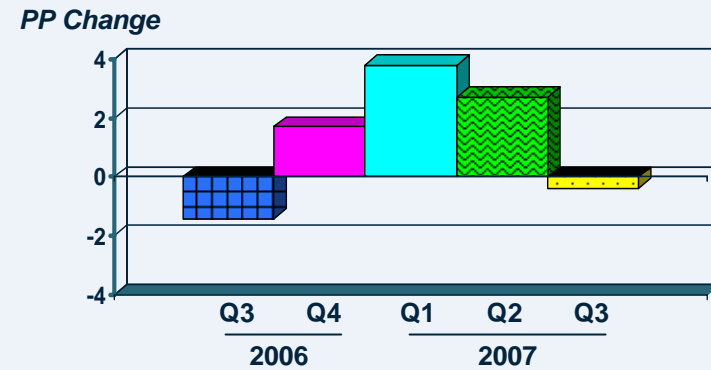
Canada – Q3 RASM Increases 3.5% all on Higher Yield

Y-O-Y Change

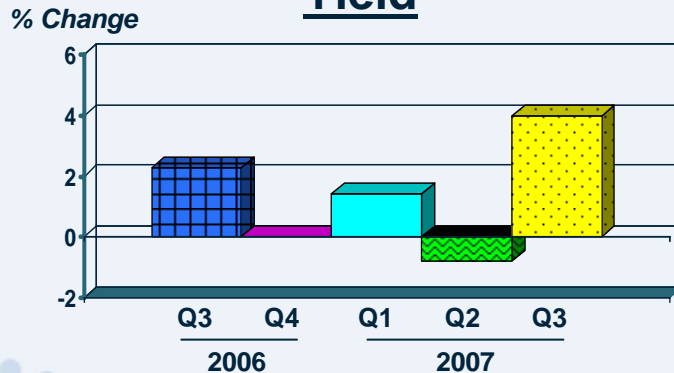
Capacity (ASM)



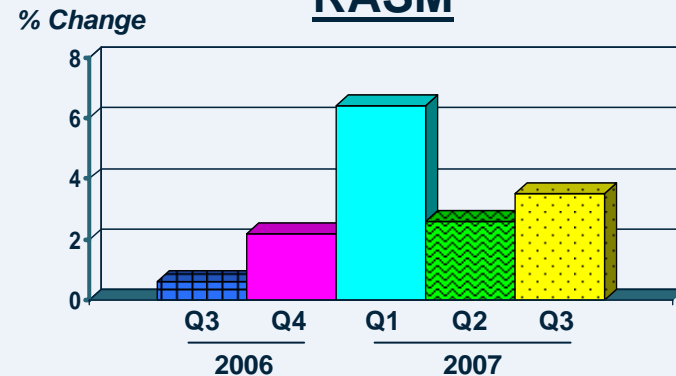
Load Factor



Yield

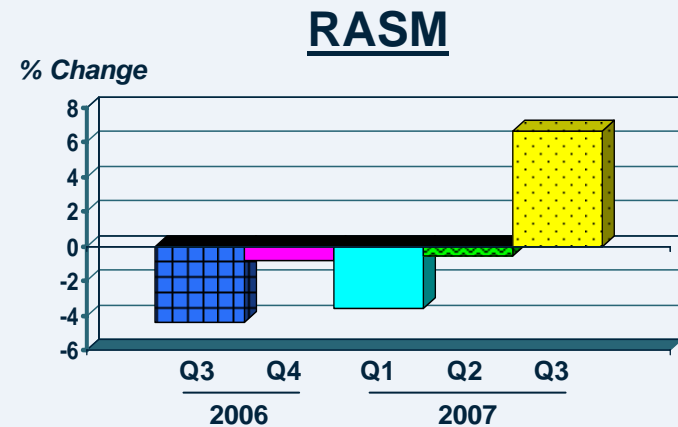
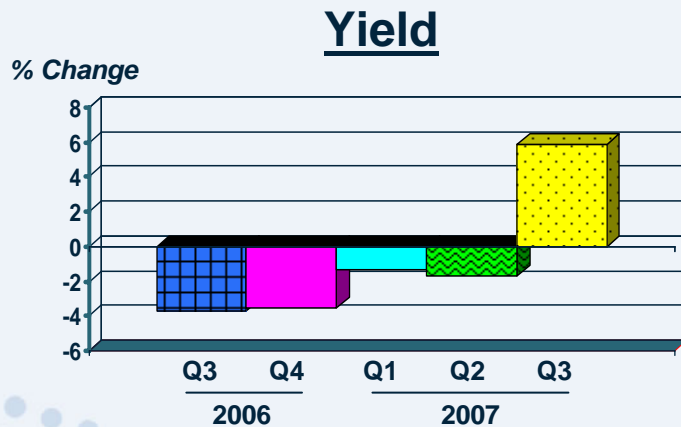
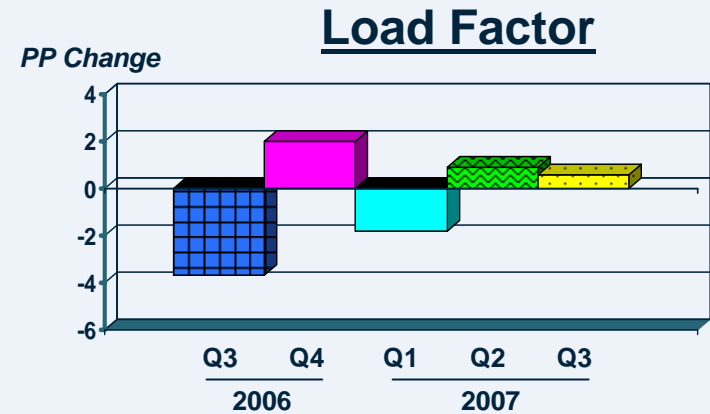
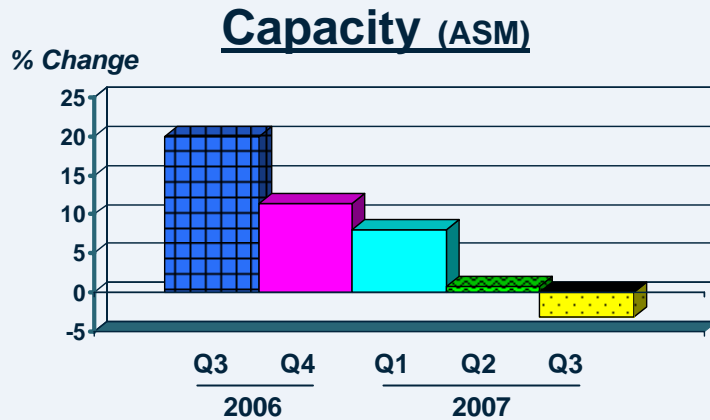


RASM



US Transborder – RASM Improves 6.7% on Strong Yield – Best Performance in a Year

Y-O-Y Change

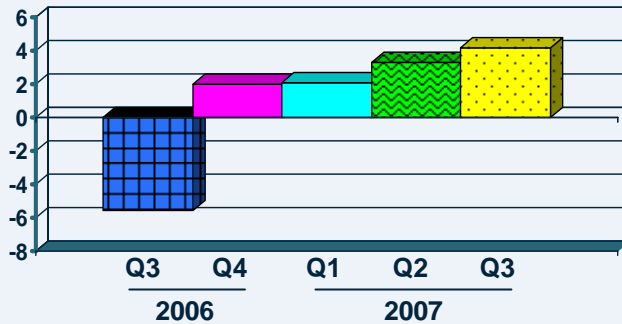


Atlantic – Difficult Competitive Environment Pushes Fares Down

Y-O-Y Change

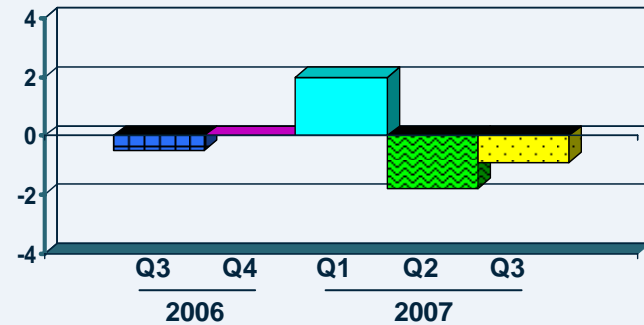
Capacity (ASM)

% Change



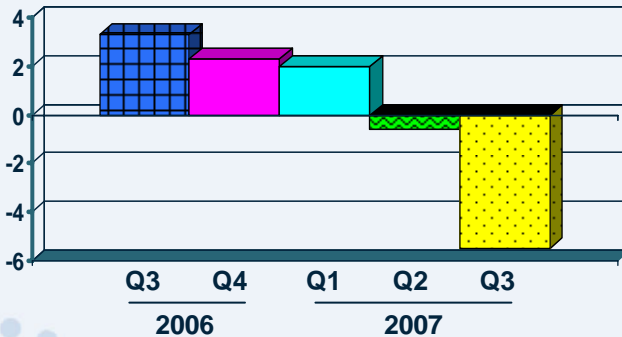
Load Factor

PP Change



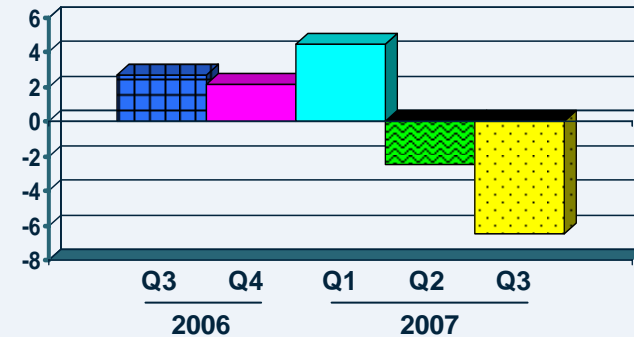
Yield

% Change



RASM

% Change



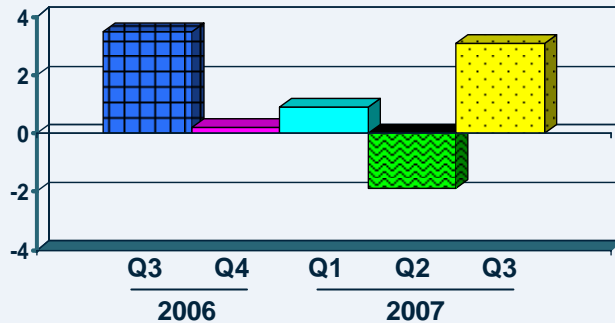
Pacific –

2.4% RASM Decline on Weaker Yield and LF

Y-O-Y Change

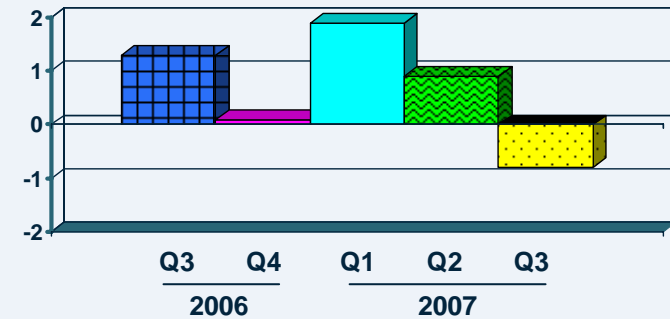
Capacity (ASM)

% Change



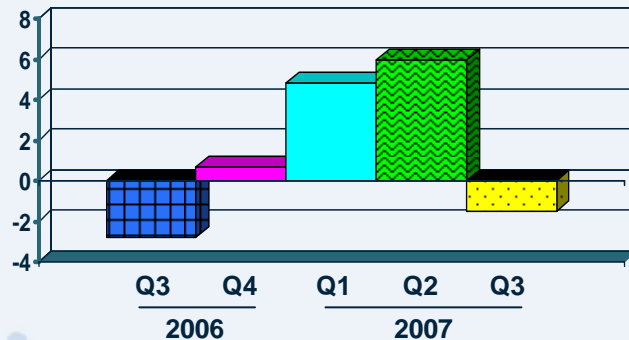
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PP Change



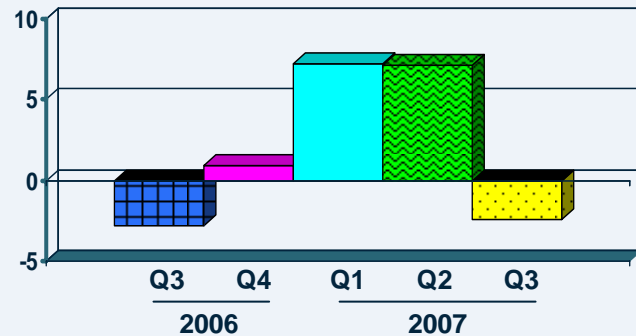
Yield

% Change



RASM

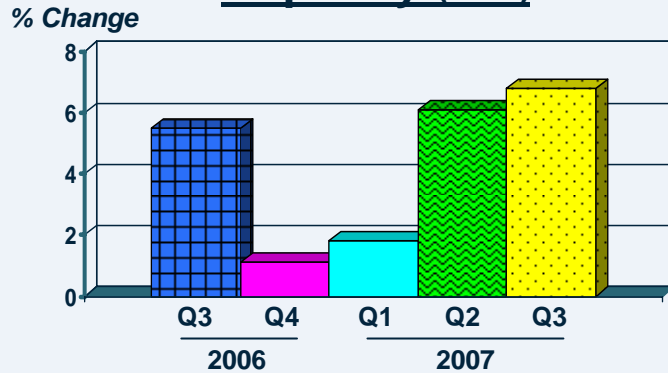
% Change



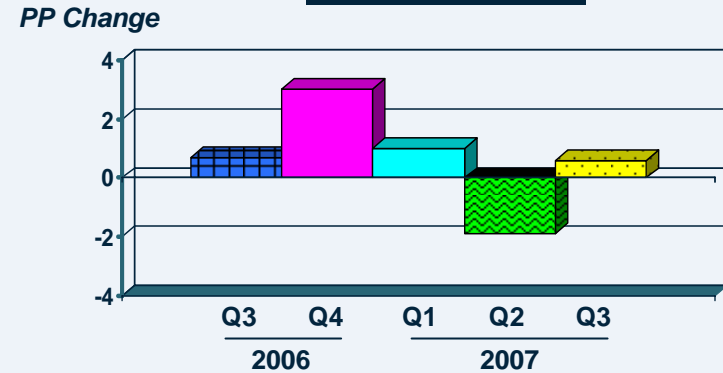
Caribbean, Latin America & Australia – RASM Declines 0.8% as Soft Yield Offsets LF Gain

Y-O-Y Change

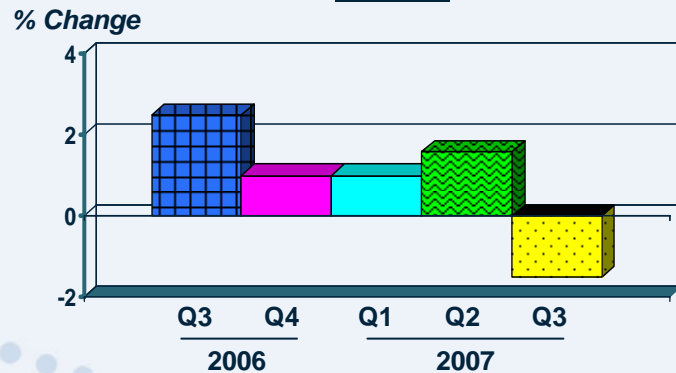
Capacity (ASM)



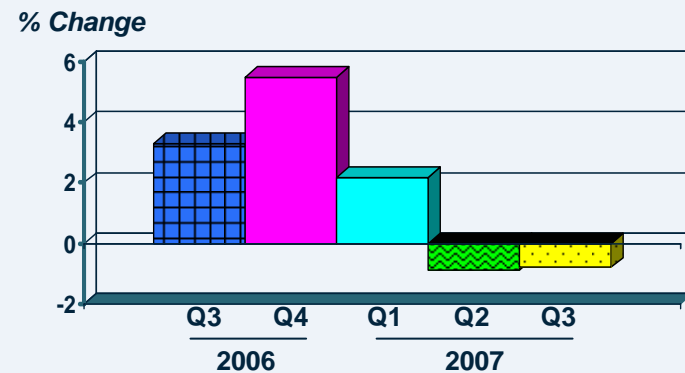
Load Factor



Yield



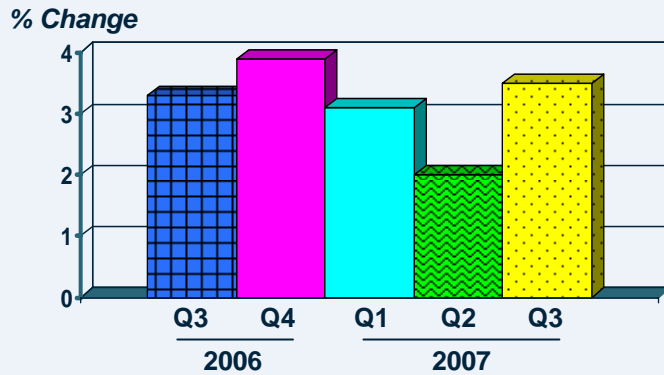
RASM



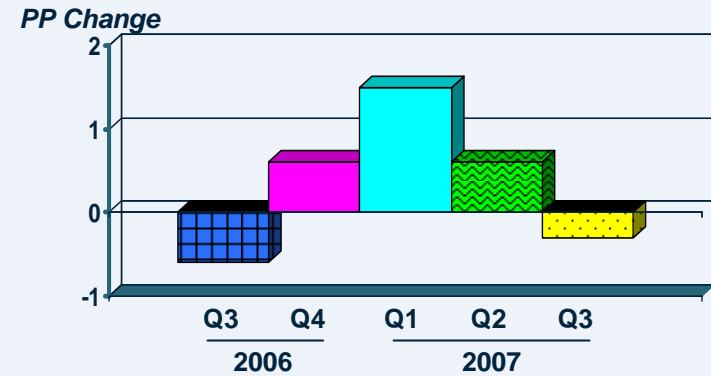
Total – System RASM Lifts 0.7% on Higher Yield – CASM Declines 4.4%

Y-O-Y Change

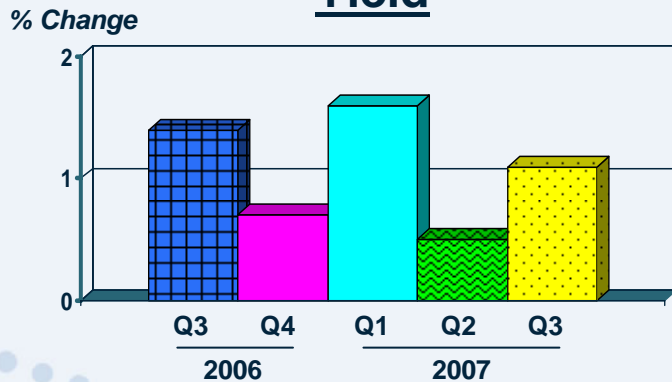
Capacity (ASM)



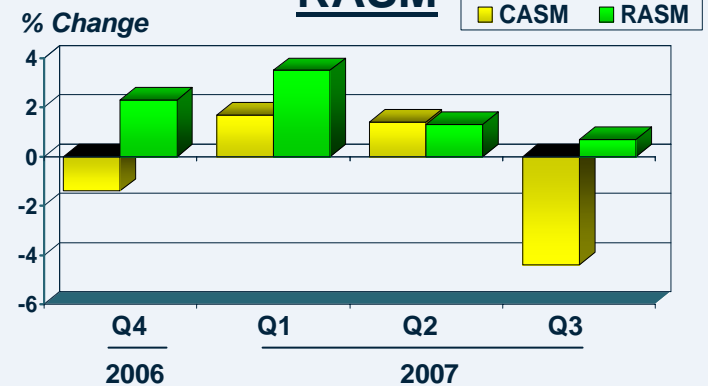
Load Factor



Yield



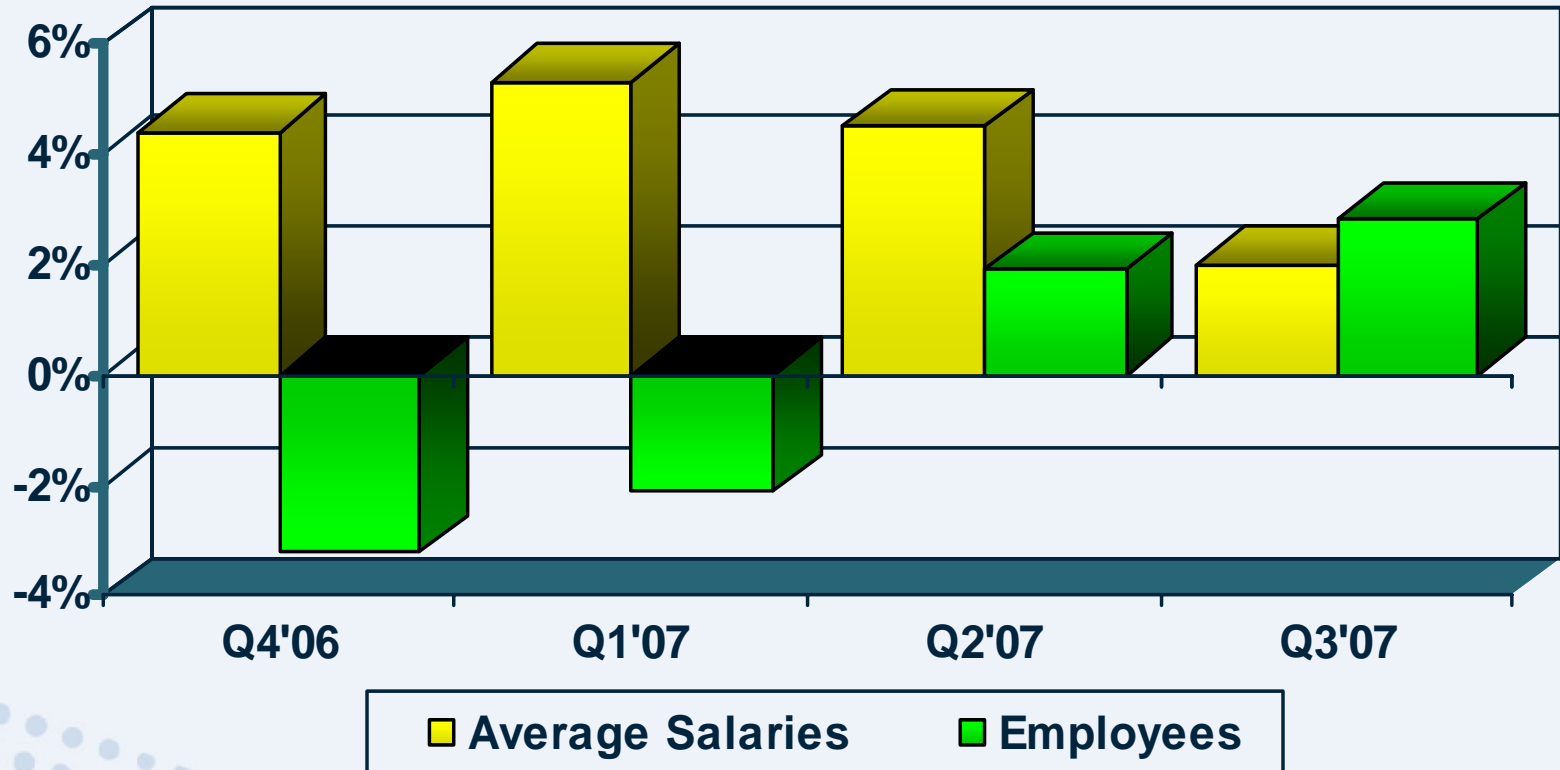
RASM



Average Salary Up 2%; Employee Levels Up 662 or 2.8%.

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

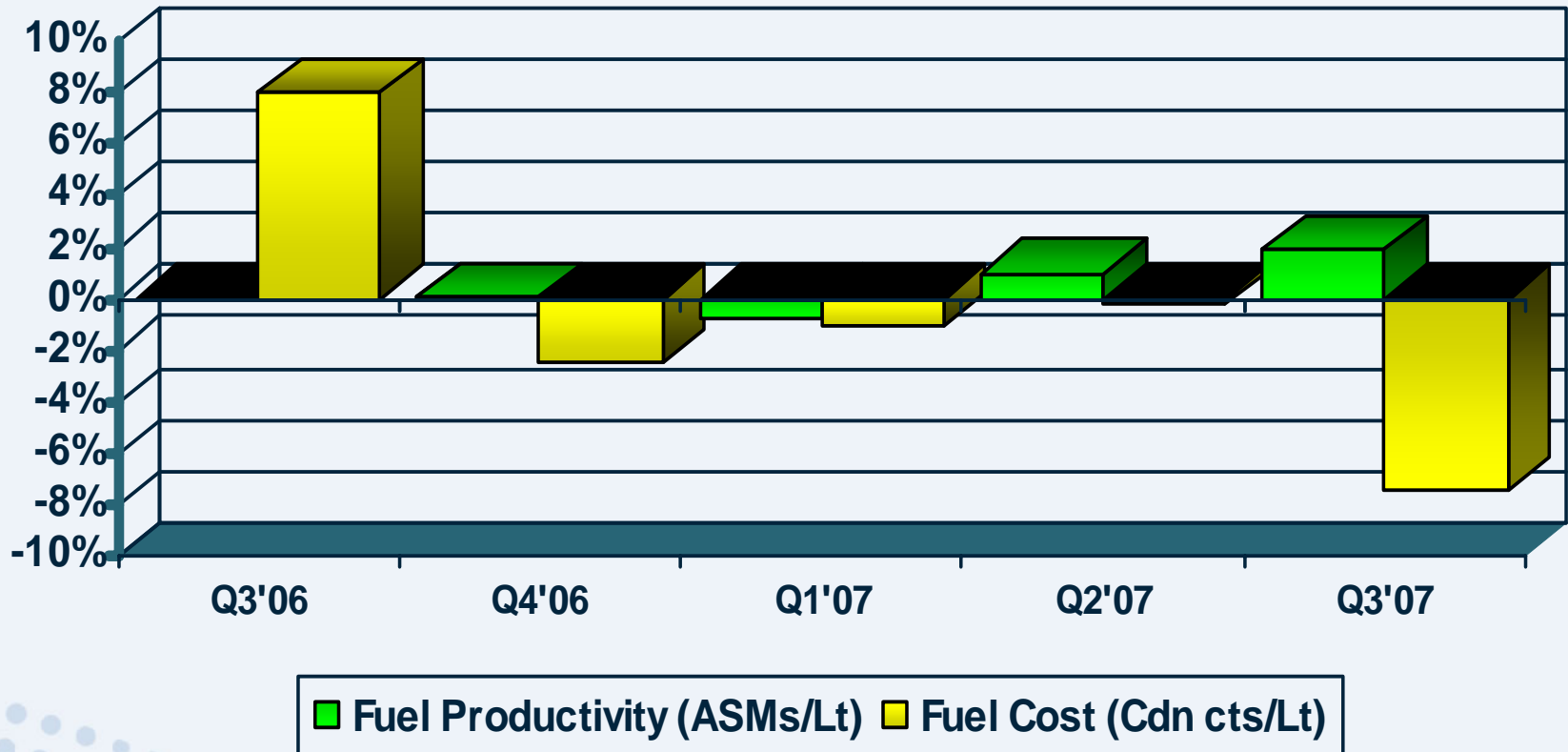
% Change Y-O-Y



Cost/Litre Down 7.4% While Fuel Productivity Improves 1.9% Reflecting the New 777's and the Removal of Two Freighters

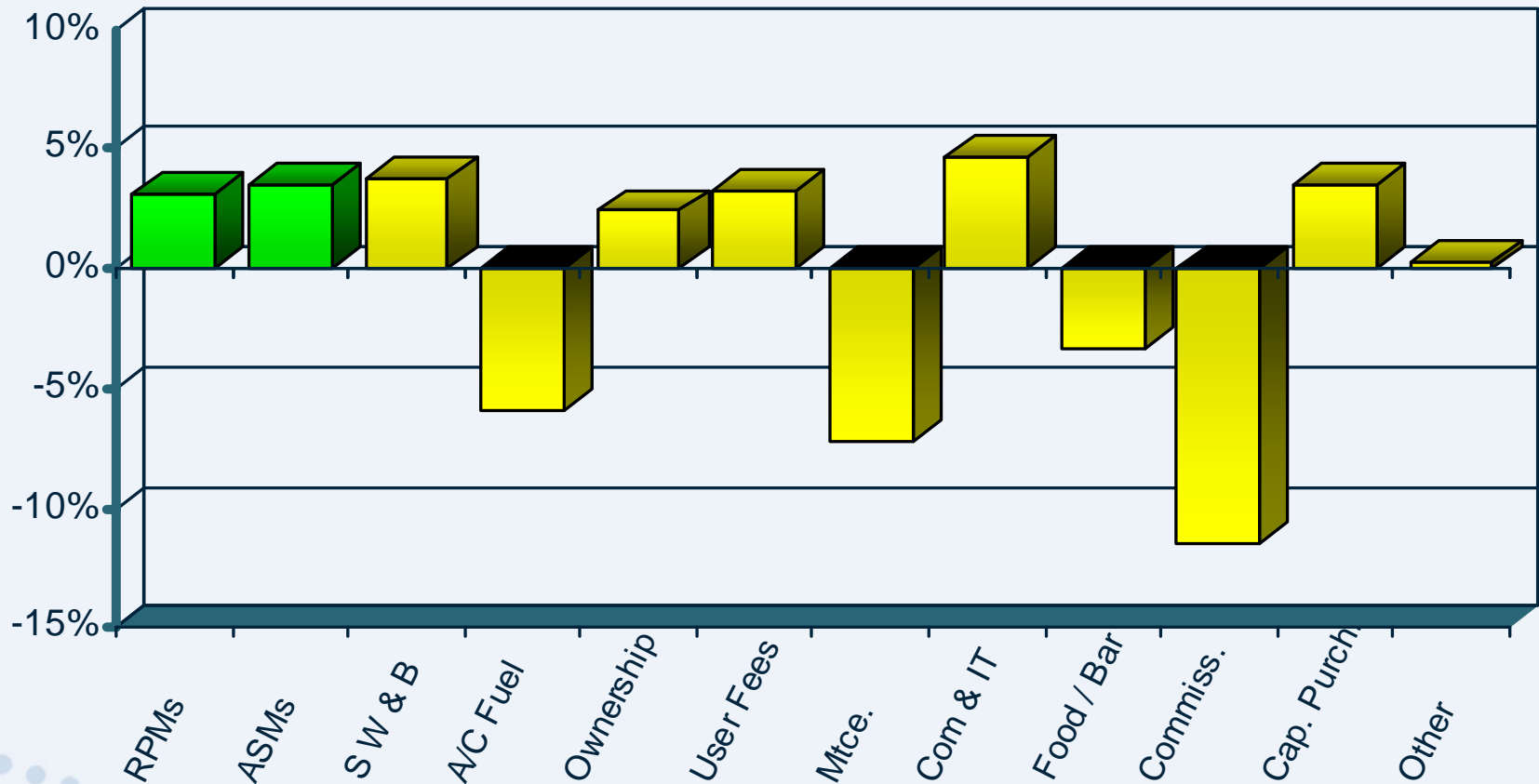
(Fuel Productivity & Unit Cost)

% Change Y-O-Y



"Other" Cat. Flat as Incr. in ACV Gr. Pkg. Costs, Equip. Rental, Cr. Card Fees Offset by Lower Cust. Inconv. Chrgs., Terminal Handling & Misc. Fees

% Change Y-O-Y

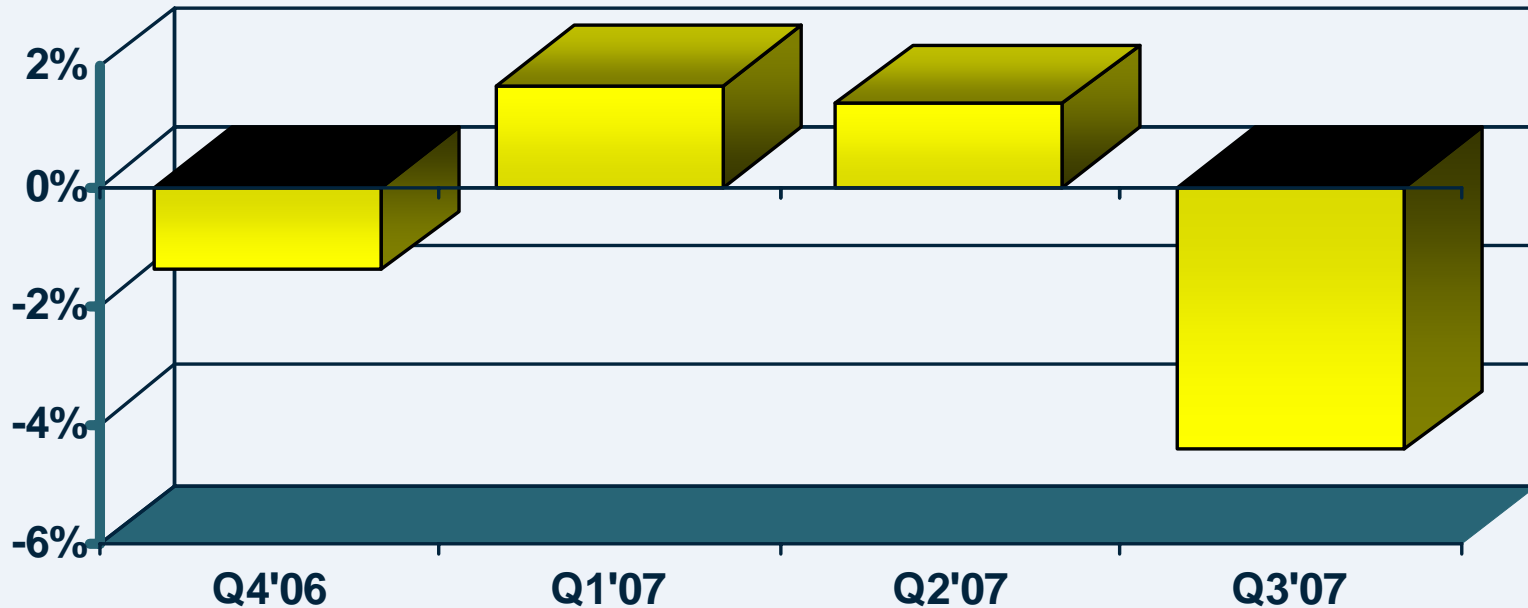


Q3 2007/2006

Unit Cost Down 4.4% Due Primarily to FX Benefit, the Positive 777 Impact and Hedging Gains

(Cost Per ASM)

% Change Y-O-Y



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