

AIR CANADA 

First Quarter 2008

May 8, 2008

Table of Contents

- Operating Statistics
- Revenue Highlights
- Expense Highlights

1st Quarter EBITDAR of \$222 mln

<i>(millions)</i>	Q1 2008	Q1 2007	Change Fav./Unfav.)
Oper. Revenue	\$ 2,727	\$ 2,540	\$ 187
Oper. Expense	2,739	2,618	(121)
Oper. Income (before cargo provision)	\$ (12)	\$ (78)	\$ 66
EBITDAR (before cargo provision)	\$ 222	\$ 129	\$ 93

Q1 Net Interest Expense Increased \$17 mln

<i>(millions)</i>	Q1 2008	Change Fav./((Unfav.))
Net Interest Expense	\$ (46)	\$ (17)
Loss on Disposal	(36)	(43) - \$38 impairment charge on 767-200 fleet
Other Non-Operating Expense	(25)	(55) - fair value adjustment on derivatives
Total Non-Operating Expense	\$ (107)	\$(115)

Q1 2008

Actual vs Prior Year

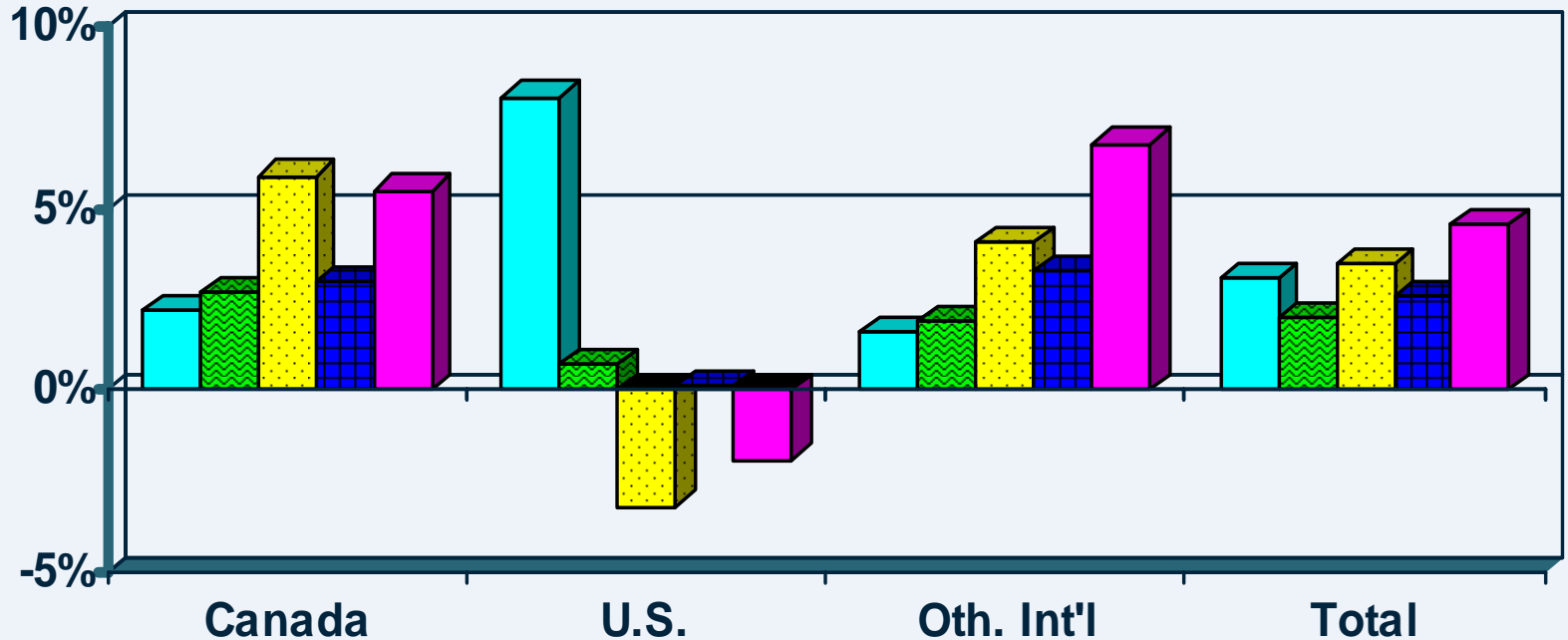
	ASMs	RPMs	PLF	Yield	RASM	Rev
Canada	↑ 5.5%	↑ 4.9%	↓ 0.4 PP	↑ 3.6%	↑ 3.1%	↑ 8.7%
US Transborder	↓ 1.9%	↓ 0.6%	↑ 1.0 PP	↑ 9.1%	↑ 10.5%	↑ 8.4%
Atlantic	↑ 6.6%	↑ 2.9%	↓ 2.9 PP	↑ 0.5%	↓ 3.0%	↑ 3.4%
Pacific	↑ 1.9%	↑ 0.8%	↓ 0.9 PP	↓ 3.9%	↓ 5.0%	↓ 3.1%
Latin Amer. & Other	↑ 13.2%	↑ 17.9%	↑ 3.3 PP	↑ 4.4%	↑ 8.8%	↑ 23.1%
Latin Amer. & Other*	↑ 13.2%	↑ 17.9%	↑ 3.3 PP	↓ 7.4%	↓ 3.5%	↑ 9.2%
Total	↑ 4.6%	↑ 4.4%	↓ 0.2 PP	↑ 3.6%	↑ 3.4%	↑ 8.1%
Total*	↑ 4.6%	↑ 4.4%	↓ 0.2 PP	↑ 2.2%	↑ 2.0%	↑ 6.7%
			Total Expense			↑ 4.6%
			Total CASM		– 0.0%	
			Total CASM excl. Fuel		↓ 4.8%	

*System and Other passenger revenue, yield and RASM percentage changes include a favourable adjustment of \$29 million related to a change in accounting estimates in the first quarter of 2007

Capacity Growth Accelerates on Domestic & Intl. Services

(Y-O-Y Changes in Capacity)

% Change in ASMs

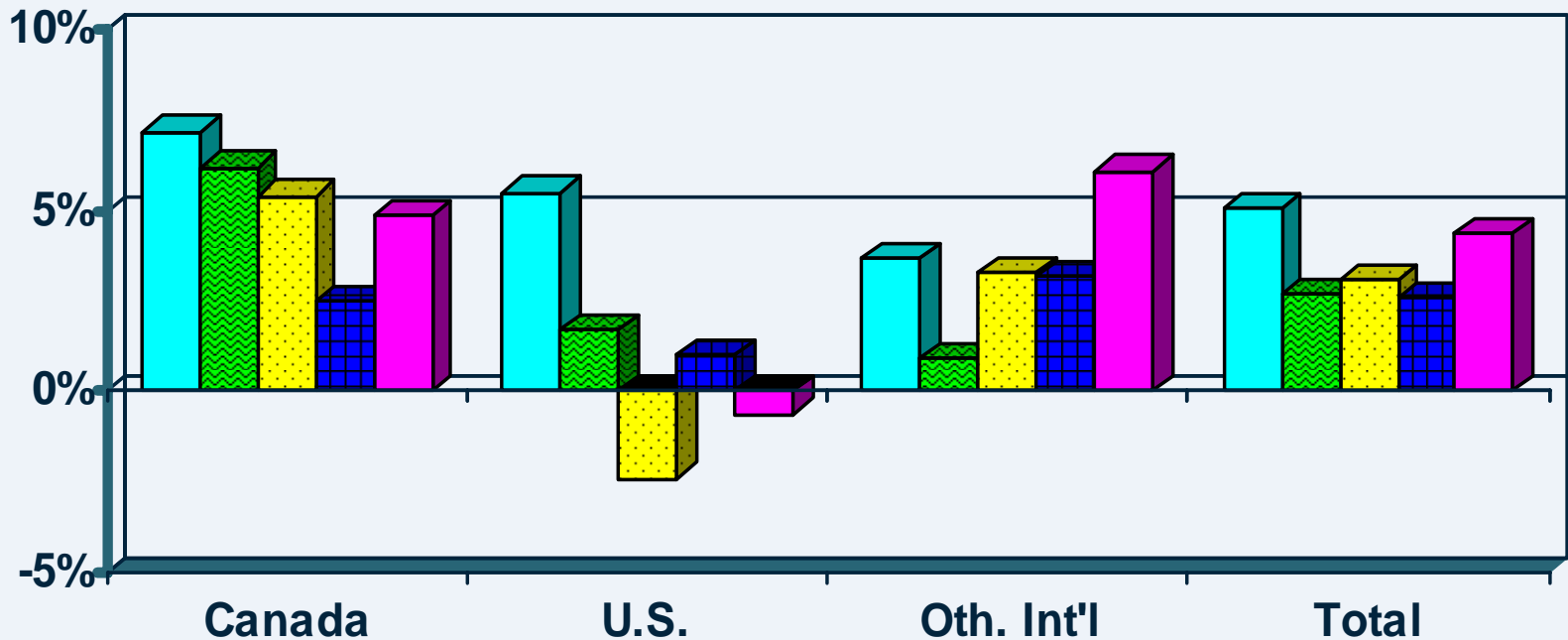


■ Q1 2007/2006 ■ Q2 2007/2006 ■ Q3 2007/2006 ■ Q4 2007/2006 ■ Q1 2008/2007

System Traffic Growth Essentially Matches Increase in Capacity

(Y-O-Y Changes in Traffic)

% Change in RPMs

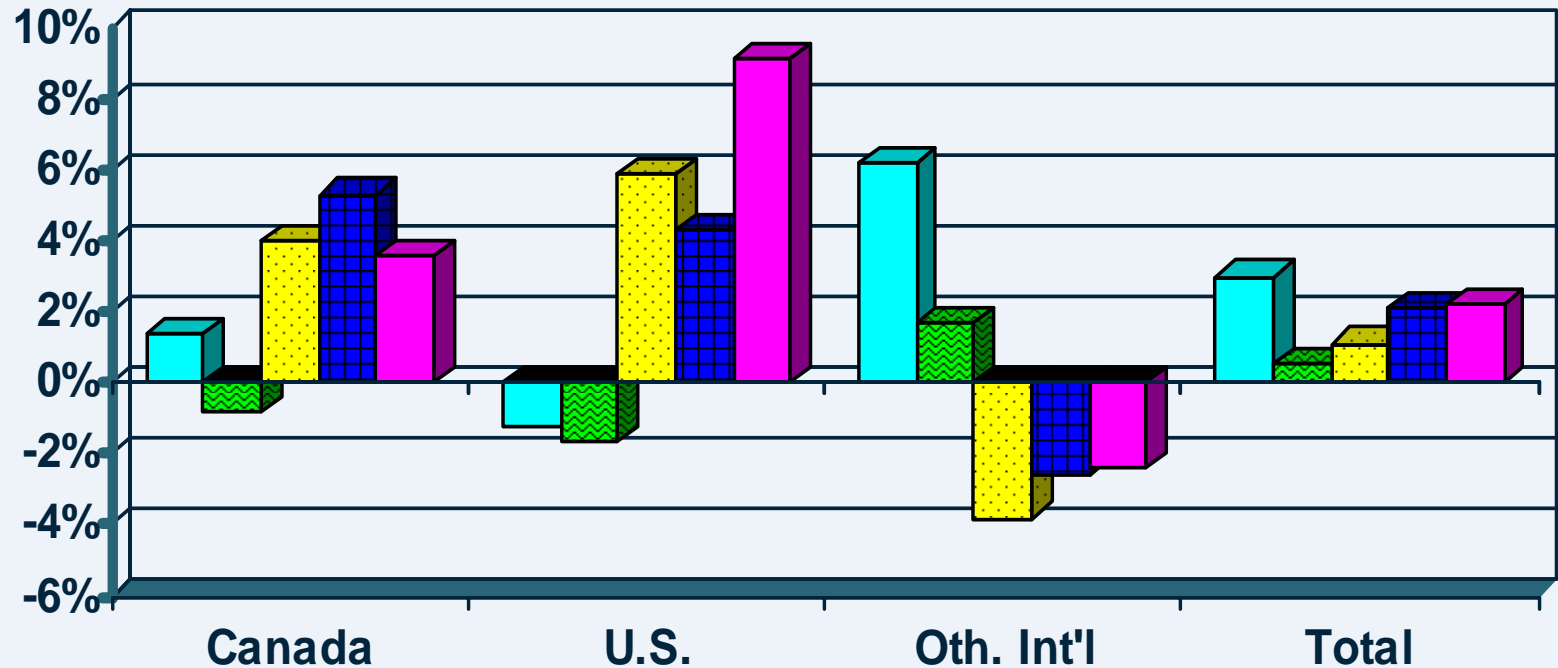


■ Q1 2007/2006 ■ Q2 2007/2006 ■ Q3 2007/2006 ■ Q4 2007/2006 ■ Q1 2008/2007

Strong North American Yields

(Y-O-Y Changes in Passenger Yield)

% Change in Yield

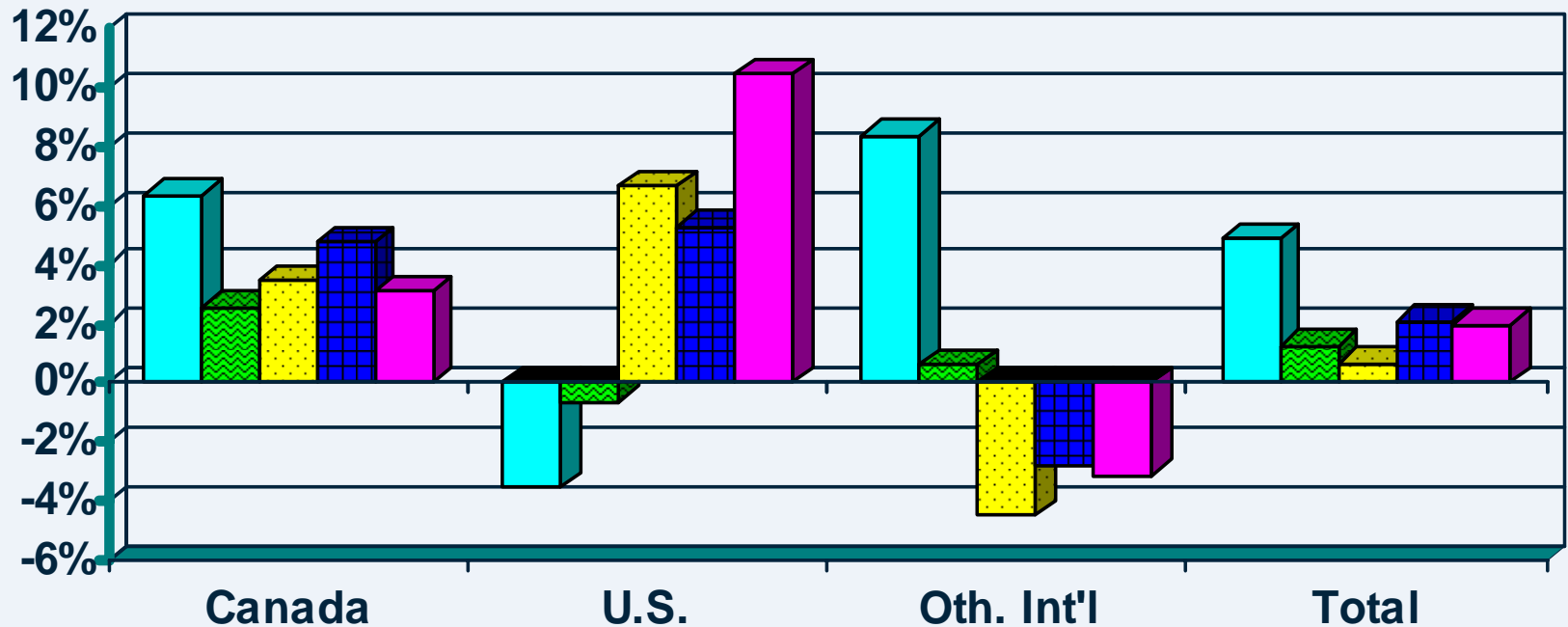


■ Q1 2007/2006 ■ Q2 2007/2006 ■ Q3 2007/2006 ■ Q4 2007/2006 ■ Q1 2008/2007

RASM Also Shows Strong N.A. performance

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

% Change in RASM

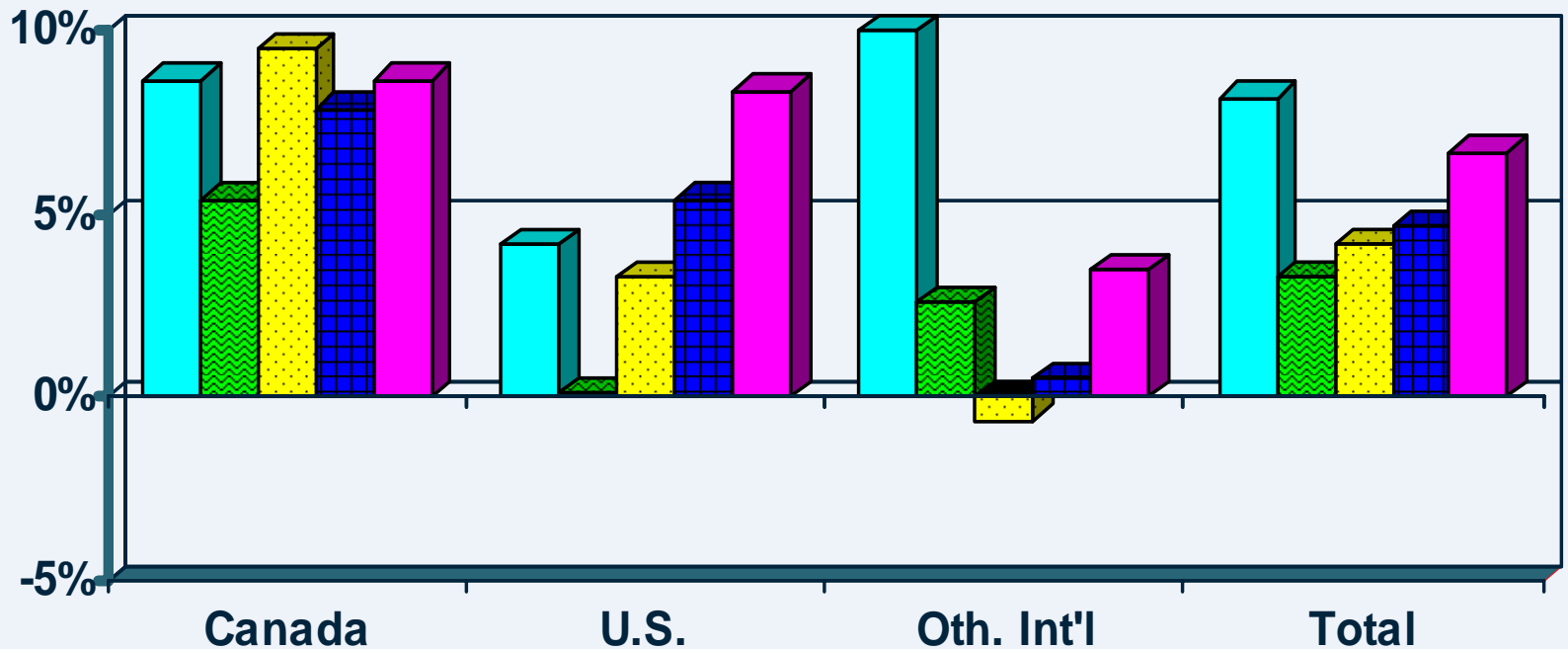


■ Q1 2007/2006 ■ Q2 2007/2006 ■ Q3 2007/2006 ■ Q4 2007/2006 ■ Q1 2008/2007

Over 3/4 of System Psgr. Revenue Growth Generated by North American Services

(Y-O-Y Changes in Passenger Revenue)

% Change in Revenue

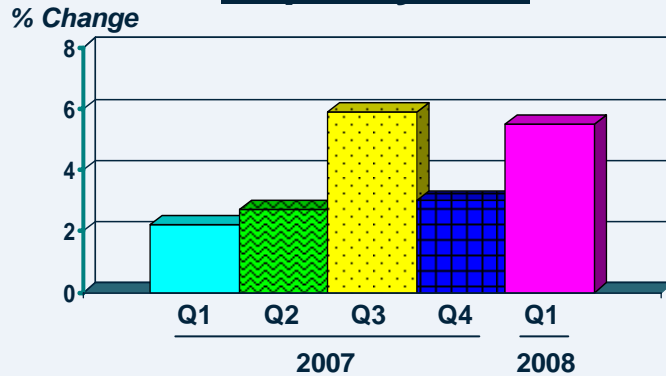


■ Q1 2007/2006 ■ Q2 2007/2006 ■ Q3 2007/2006 ■ Q4 2007/2006 ■ Q1 2008/2007

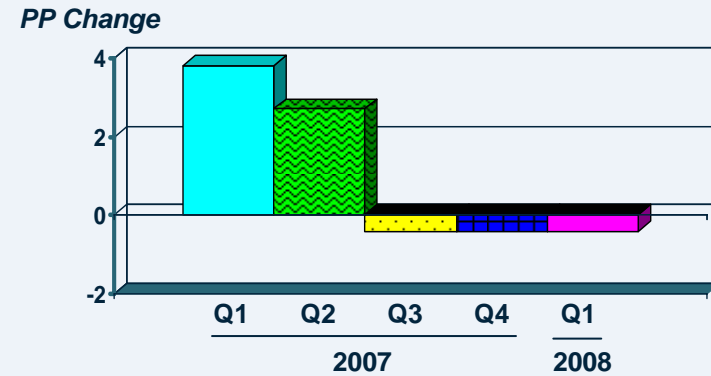
Canada – Q1 RASM Increases 3.1% all on Higher Yield

Y-O-Y Change

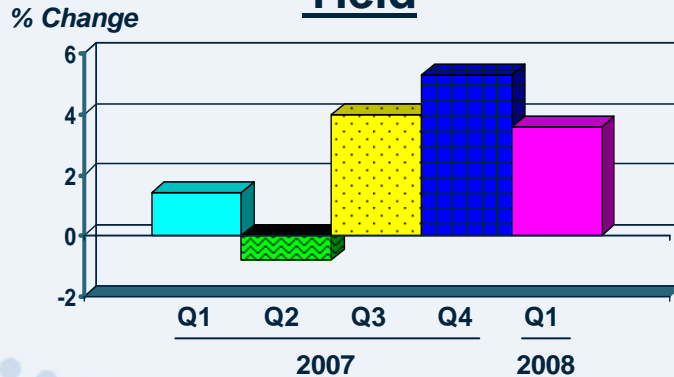
Capacity (ASM)



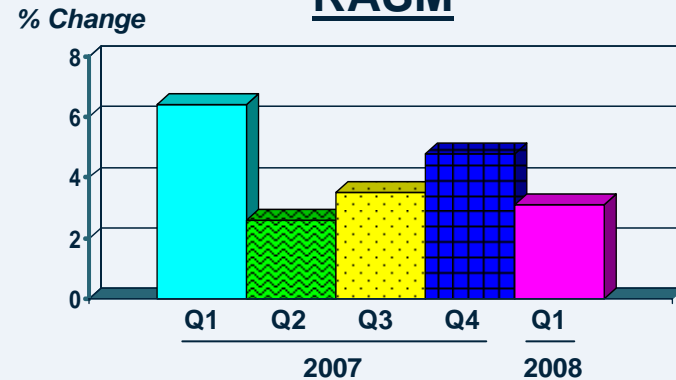
Load Factor



Yield

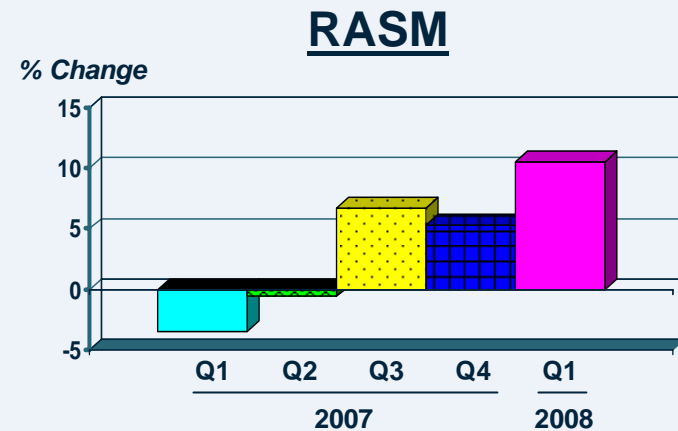
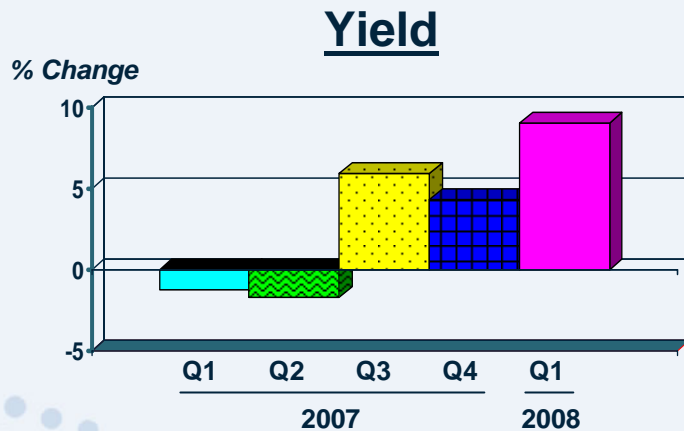
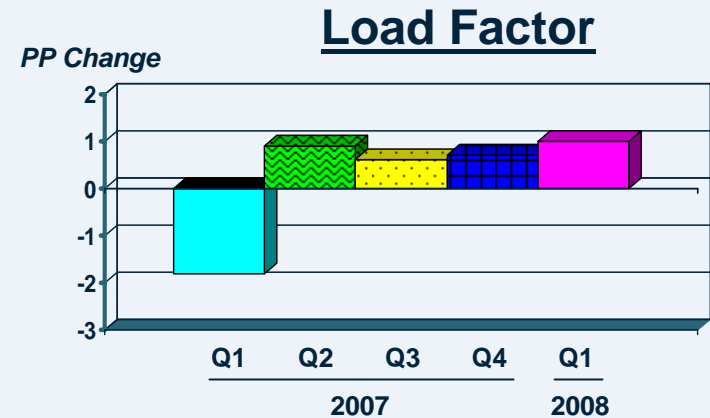
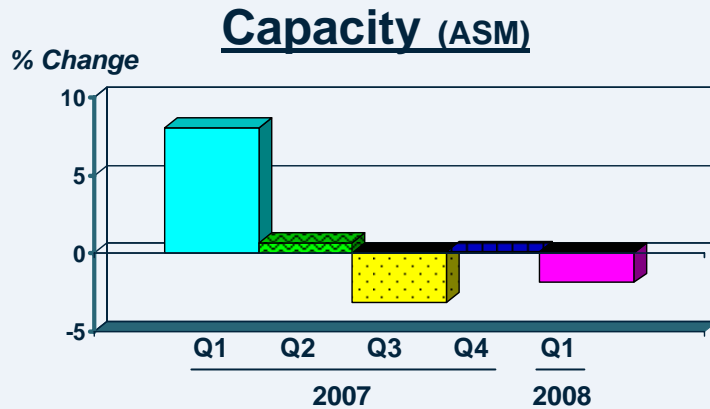


RASM



US Transborder – RASM Improves 10.5% Also on Strong Yield

Y-O-Y Change

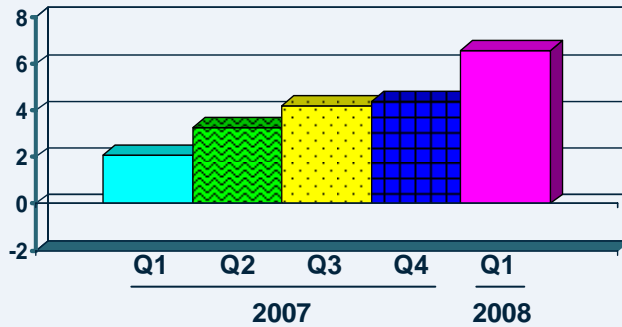


Atlantic – Adverse Currency Impact Weighs Down Yield & RASM

Y-O-Y Change

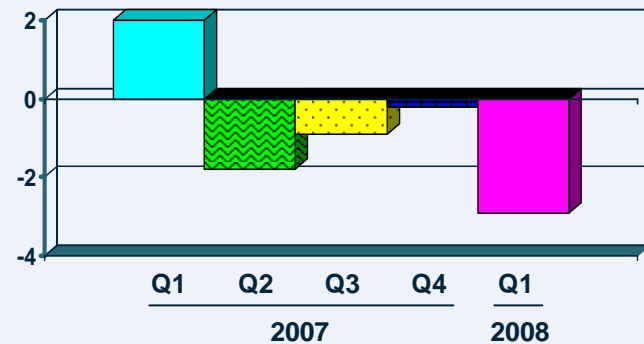
Capacity (ASM)

% Change



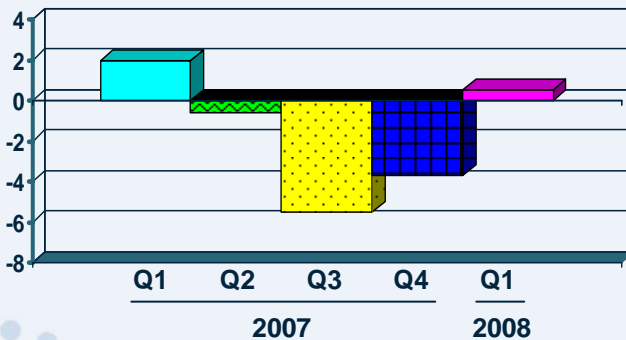
Load Factor

PP Change



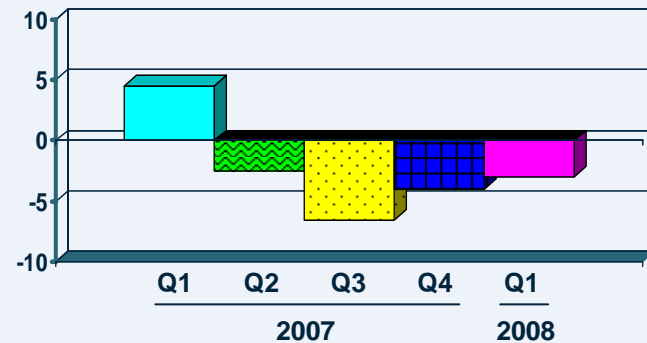
Yield

% Change



RASM

% Change



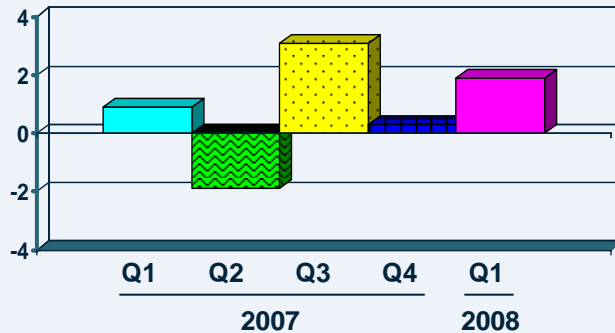
Pacific –

5.0% RASM Decline on Weaker Yield and LF

Y-O-Y Change

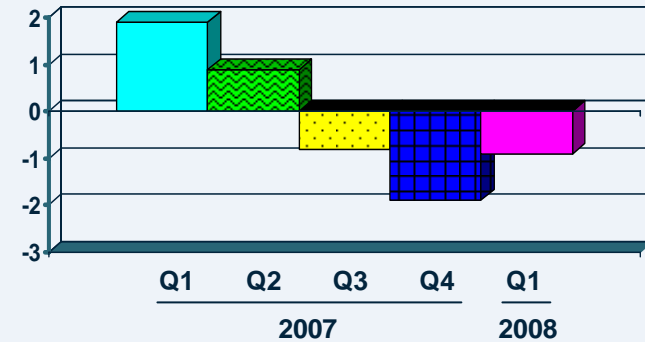
Capacity (ASM)

% Change



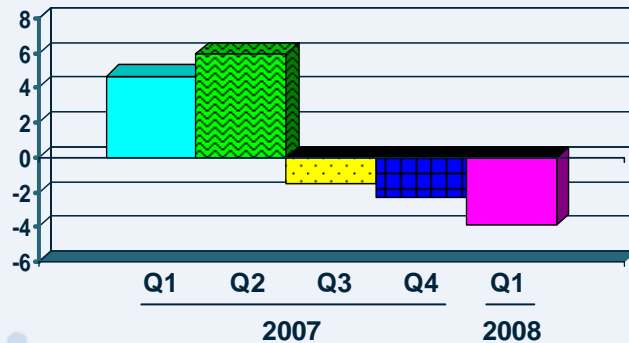
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PP Change



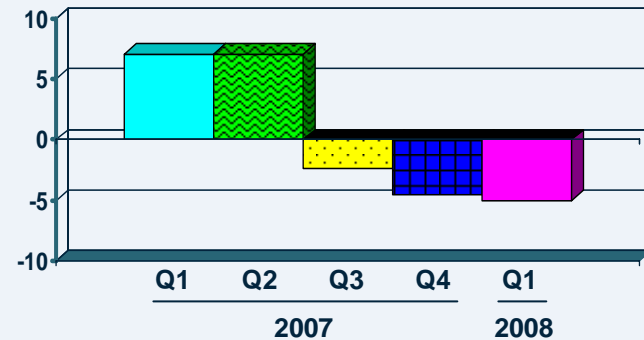
Yield

% Change



RASM

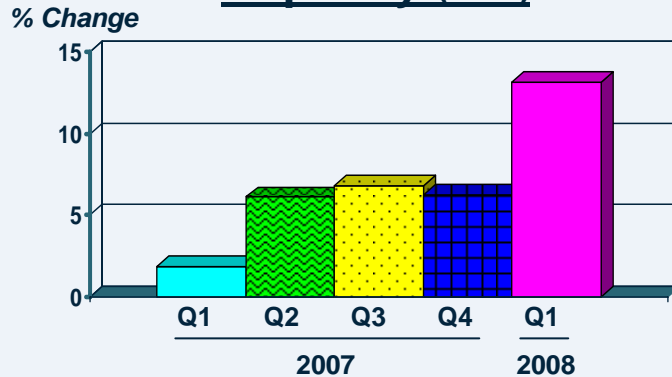
% Change



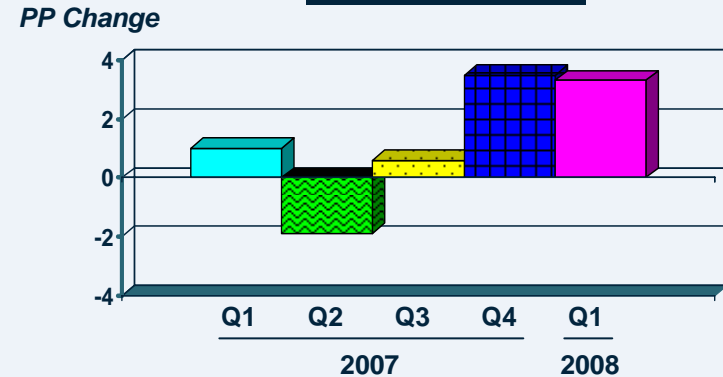
Caribbean, Latin America & Australia – RASM Decreases 3.5% as Weaker Yield Offsets Strong LF

Y-O-Y Change

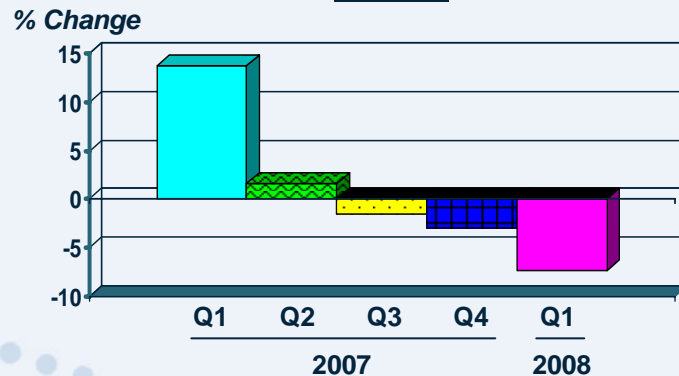
Capacity (ASM)



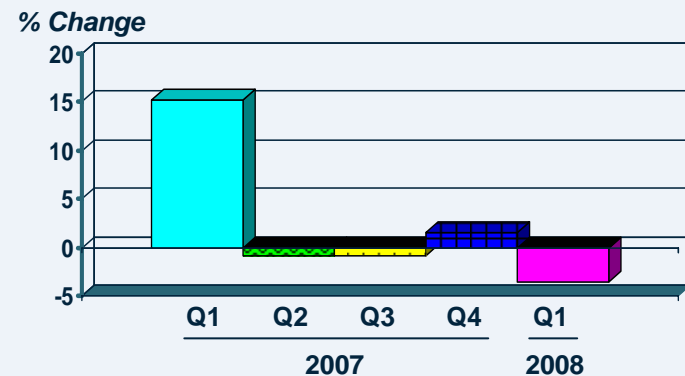
Load Factor



Yield



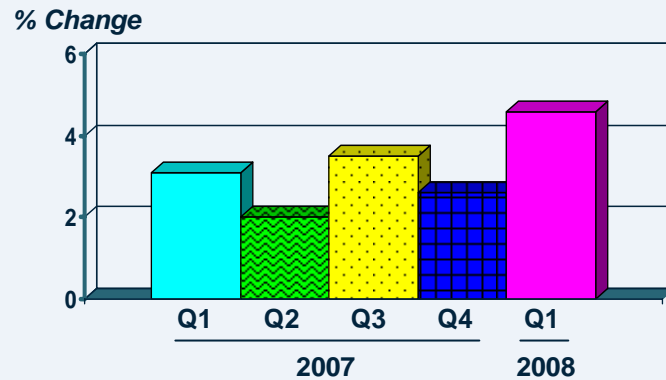
RASM



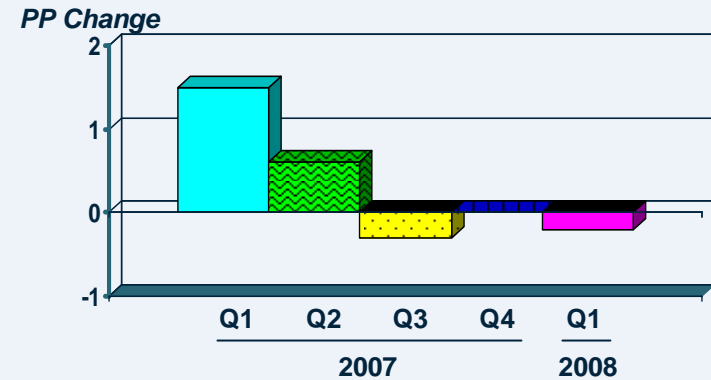
Total – System RASM Lifts 2.0% All on Higher Yield – Total CASM Remains Flat on High Fuel

Y-O-Y Change

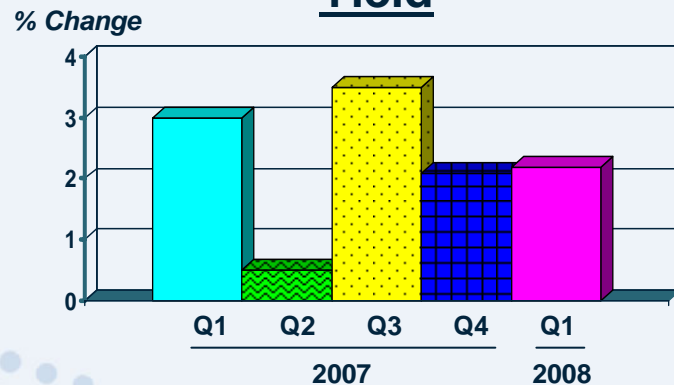
Capacity (ASM)



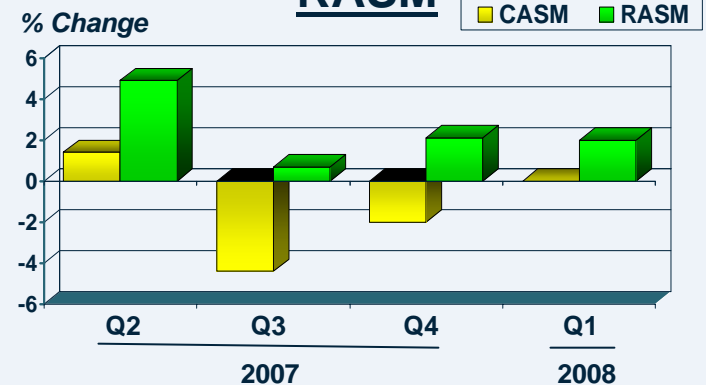
Load Factor



Yield



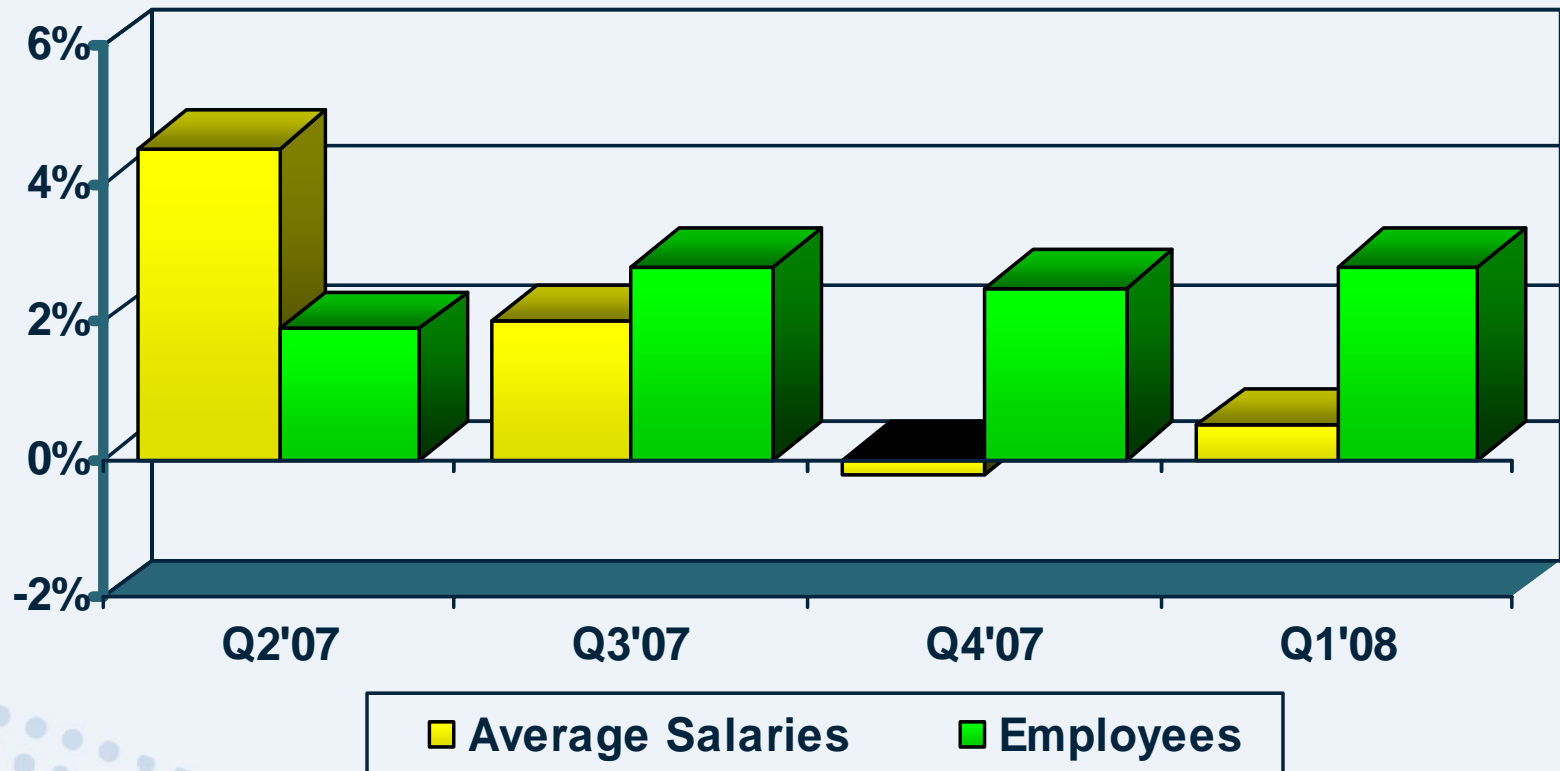
RASM



Average Salary Up 0.5%; Employee Levels Up 663 or 2.8%.

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

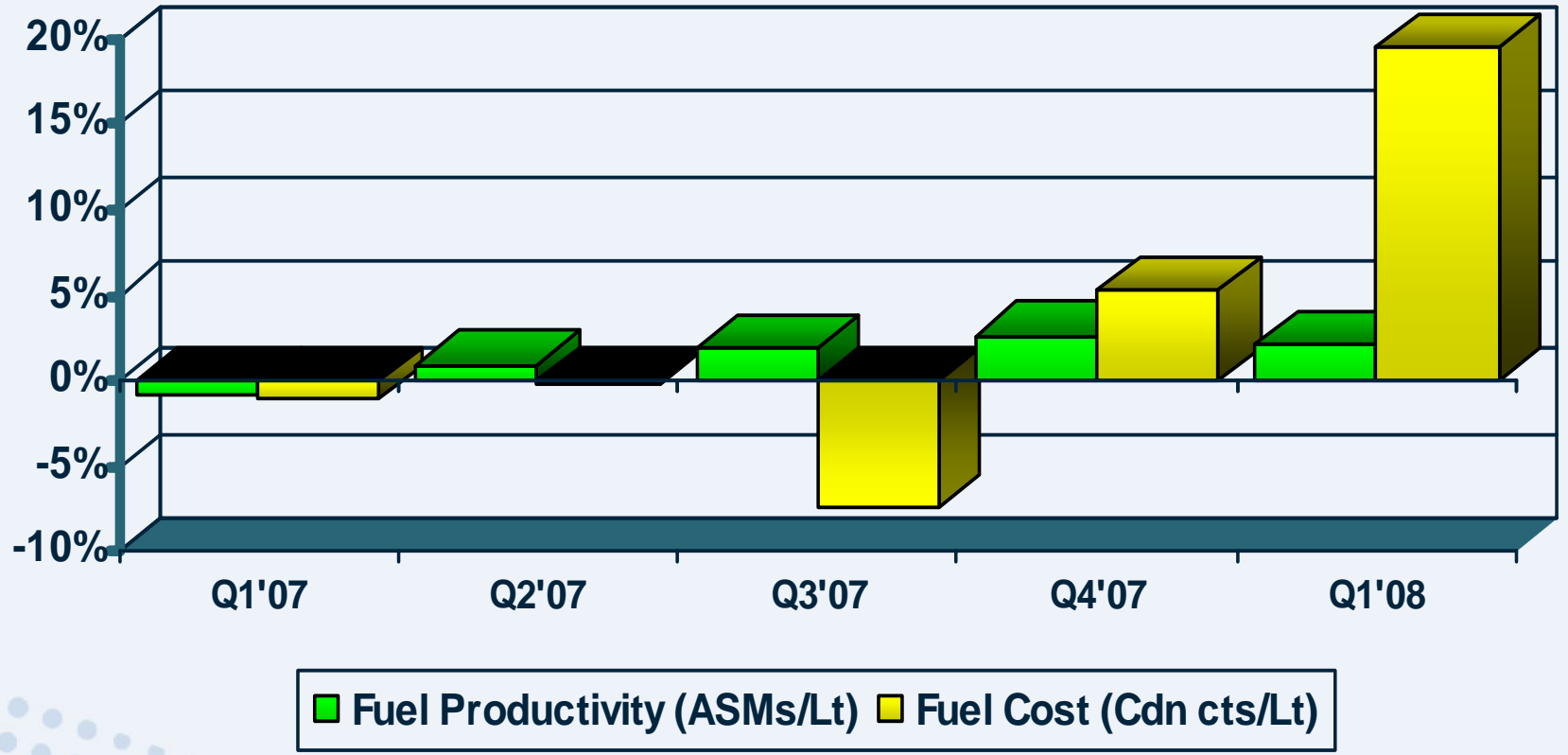
% Change Y-O-Y



Cost/Litre Up 19.5% While Fuel Productivity Improves 2.1% Reflecting the New 777's and the Removal of Two Freighters

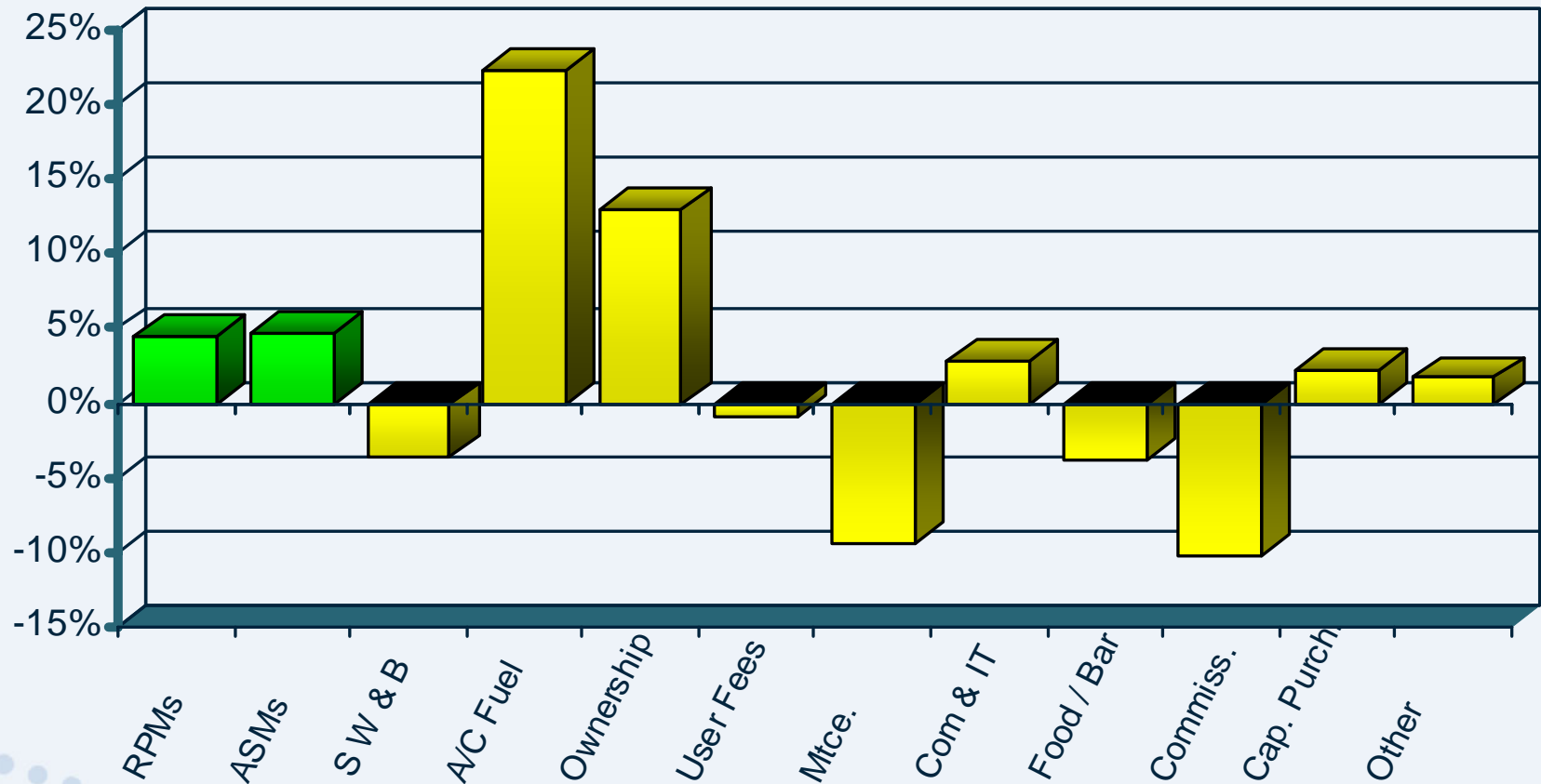
(Fuel Productivity & Unit Cost)

% Change Y-O-Y



"Other" Cat. Incr. 1.7% as Higher ACV Gr. Pkg. Costs, Cr. Card Fees & Bld. Mtce. are Partially Offset by Lower Terminal Handling Costs

% Change Y-O-Y

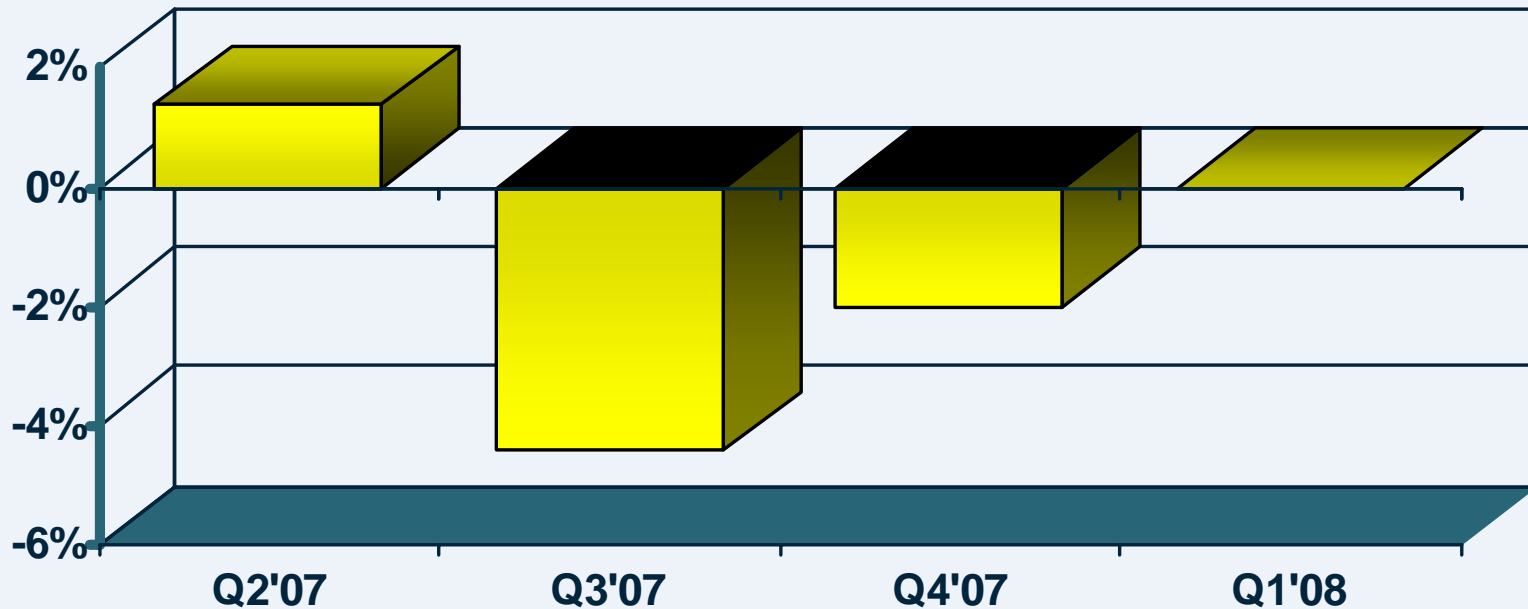


Q1 2008/2007

Unit Cost Unchanged as Positive 777 Impact, Currency Benefit and Other Cost Reductions Offset by Soaring Fuel

(Cost Per ASM)

% Change Y-O-Y



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