



**CORPORATE POLICY
AND GUIDELINES ON BUSINESS CONDUCT**

February 9, 2010

AIR CANADA

CORPORATE POLICY AND GUIDELINES ON BUSINESS CONDUCT

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A. Application

This Code applies to all directors, officers and employees of the Company and, subject to the exception set out below, to those of its wholly owned subsidiaries (the "**employees**"). The guidelines of this Code with respect to conflicts of interest (Section C) also apply to retirees holding travel pass privileges. Such retirees are not subject to the other provisions of this Code.

The guidelines set out in this Code apply to the subsidiaries only to the extent that guidelines or policies relating to the same matter have not been separately adopted by them. To the extent of any inconsistency between the guidelines set out in this Code and any such separate guidelines or policies, the guidelines and policies separately adopted by any such subsidiary prevail and apply to such entity. While each subsidiary of the Company is responsible for its own employee and labour relations, this Code sets a standard of conduct for the matters addressed which is consistent with best practices.

This Code applies to situations that each employee may encounter during the course of conducting the Company's business. As with all guidelines or principles, employees are expected to use their own judgement and discretion, having regard to these standards, to determine the best course of action for specific situations. If any employee has questions about any section of this Code, he or she should direct all questions to the head of the Employee Relations Branch of Air Canada or the Human Resources Branch of the relevant subsidiary.

B. Compliance and Certification

This Code reflects general principles to guide employees in making ethical decisions and cannot and is not intended to address every specific situation. As such, nothing in this Code prohibits or restricts the Company from taking any disciplinary action on any matters pertaining to employee conduct, whether or not they are expressly discussed in this document.

All employees have a responsibility to understand and follow this Code. In addition, all employees are expected to perform their work with honesty and integrity in any areas not specifically addressed by this Code. A violation of this Code may result in appropriate disciplinary action including the possible termination from employment with the Company.

For example, disciplinary action will be taken should an employee:

- violate this Code or disregard proper procedures;
- ask others to violate this Code;
- deliberately fail to report a violation, fail to report a violation promptly or withhold relevant information concerning a violation;
- fail to cooperate in the investigation of a known or suspected violation;
- take action against an employee who reports a policy violation.

Like all other employees, managers are required to adhere to the terms of this Code. Because of their leadership position with the Company they are also required to set an appropriate example by demonstrating exemplary conduct at all times.

Procedures to handle violations of this Code and Procedures to handle suspected cases of fraudulent or dishonest activities.

Procedures are established by Air Canada and each subsidiary as applicable. For further information, please refer to the Policy on Violations of the Code of Conduct which is posted on ACAeronet or consult with the head of the Employee Relations Branch of Air Canada or the Human Resources Branch of the relevant subsidiary.

Certification

The Board of Directors of Air Canada, with the assistance of the Governance and Corporate Matters Committee ("**Committee**"), has the responsibility for monitoring compliance with and the interpretation of this Code. This Code may be amended at any time by the Board of Directors or the Committee.

This Code will be communicated or brought to the attention of all employees. All members of management are required to complete the management acknowledgment form attached hereto as Annex A, which is available on ACAeronet in electronic form.

C. Conflicts of Interest

A conflict of interest may arise in any situation in which an employee's other business or personal interests impair his or her judgment to act honestly and with integrity or otherwise conflict with the interests of the Company. All such conflicts should be avoided. The Company expects that no employee will knowingly place himself or herself in a position that would have the appearance of being in conflict with the interests of the Company. It is not always easy to determine if a situation may lead to a conflict of interest. If an employee finds himself/herself in this position, the following questions may help:

- is the employee following proper Company procedures?
- does the employee stand to gain personally from his/her actions?
- will his/her actions result in any monetary or other advantage for himself/herself or to a relative or a friend?
- would the employee be uncomfortable discussing the issue with his/her supervisor?
- would the employee act differently if a friend or relative weren't involved?

While it is not feasible to list every circumstance that may create possible conflicts of interest, the following is a guide to types of activities that might give rise to conflicts. The Company *requires that employees disclose in writing to the Corporate Secretary all business, commercial or financial interests or activities that might create a conflict of interest. See Annex B attached hereto.* For example, you must advise the Company if you accept work with a competitor of Air Canada or one of its subsidiaries, for example, another airline or tour operator. You must also advise if you own or have invested in such competitors, pursuant to the subsection "Interests in Other Businesses" below. If the Company reasonably believes an employee's business, commercial, or financial interests or activities could hamper the employee's ability to perform duties or act in the Company's best interest, the employee may be required to end the interests or activities.

Gifts and Entertainment

In the course of business, it is not unusual for an individual or an organization to give gifts or provide entertainment, such as dinners and tickets to events. It is our policy to deter givers of gifts from seeking or receiving special favours from employees. Accepting any gift or entertainment that is of more than nominal value can appear to be an attempt to influence the recipient into favouring a particular customer, vendor, consultant, etc. While there are no clear-cut rules as to what is appropriate in every situation some factors which an employee and his/her supervisor should consider in assessing the proper course of action include:

- would the gift or entertainment be viewed as appropriate or usual, taking into account its value and the function the employee performs for the Company?
- would it be viewed as insulting or inappropriate to return the gift or decline the hospitality?
- can the gift or hospitality benefit all team members rather than particular individuals?

- would the Company, under similar circumstances, offer a similar gift or entertainment?

To avoid the reality and the appearance of improper relations with current or prospective customers, vendors and consultants, employees should observe the following guidelines when deciding whether or not to accept gifts or entertainment.

Gifts

Gifts such as merchandise or products, as well as personal services or favours may not be accepted unless they are of a nominal value. Employees are urged to consult with the Corporate Secretary before accepting gifts of more than a nominal value. Gifts of any amount may never be solicited. *A gift in the form of cash or securities (including a loan) may never be accepted.*

Entertainment

Unsolicited business entertainment should be appropriate for the position the employee occupies within the Company and clearly intended to facilitate business objectives. For example, a person offering cultural tickets must plan to attend the event as well.

As a general rule, business entertainment in the form of meals is appropriate, as long as it is modest, infrequent, and to the extent possible on a reciprocal basis. If you know that the Company would not extend the same courtesy then decline the offer.

International Customs

In some international business transactions, it is customary and lawful for business leaders in a host country to give gifts to employees. These gifts may be of more than nominal value and under the circumstances, returning the gifts or paying for them may be an affront to the giver. In such a situation, the gift must be reported to the employee's supervisor. In instances where gifts cannot be returned and offering to pay for them would adversely affect continuing business relationships, supervisors must be notified. In some cases, any gift may be retained by the Company, at its sole discretion, and not by the employee.

Giving Gifts

Employees may not, on behalf of the Company, give to any person, customer or supplier expensive gifts, or provide excessive entertainment or benefits. However, when proper accounting is made, reasonable expenses for entertaining customers, prospective employees or business associates are allowed on the part of employees whose duties include providing such entertainment. Gifts may only be of limited value and may never be in the form of cash, bonds or negotiable securities.

Gifts and Entertainment with Government Officials

Generally, gifts, meals, entertainment or other benefits are not appropriate for government officials, and Air Canada policy is to avoid even the appearance of impropriety. Before extending any invitations, considering gifts or other steps that could be viewed as

providing economic benefits to government officials, employees should consult with the Corporate Secretary.

Outside Activities

Employees' primary business loyalty should always be to the Company. Employees may not engage in any outside activity or employment that might affect their objectivity and independence of judgment or conduct in carrying out their duties and responsibilities for the Company. This means, for example, that employees may not work for an organization that is a supplier or competitor of the Company without the written consent of the Air Canada Corporate Secretary.

No employee should engage in other employment or activity that will encroach on the time or attention that should be devoted to the employee's duties for the Company. Such activity can adversely affect the quality of work performed, compete with the Company's activities, imply sponsorship or support by the Company of the outside employment or organization, or adversely affect the good name of Air Canada or its subsidiary.

Nevertheless, the Company respects the various interests of its employees outside the work place. Employees are, of course, free to pursue such interests, including work with political, charitable and other organizations. However, employee participation in outside activities must not be such that an outside observer would be led to believe that the Company is endorsing the activity and must not encroach an employee's ability to properly perform his or her duties within the Company. Similarly, work for other businesses must be conducted on the same basis.

Interests in Other Businesses

Unless approved in advance by the Corporate Secretary, neither an employee nor his or her spouse, domestic partner, or any other member of the foregoing's immediate family may directly or indirectly have a financial interest (whether as an investor, lender or other service provider) in a customer, supplier, competitor or any entity which has a significant business relationship with the Company. This does not apply to investments in mutual funds, or in public companies where the employee's investment is less than one percent (1%) of the outstanding securities of the public company.

If an employee is found to be in violation of such guideline, remedial actions may include:

- Divestment of the interest;
- Frozen or blind trust instrument;
- Periodic written declaration, if found to be appropriate in the circumstances; and/or
- Avoidance of involvement in particular matters.

Corporate Opportunities

Employees may not take advantage of business opportunities that are presented to them or discovered by them as a result of their employment with the Company or through their use of

Company property or information. Even opportunities that are acquired outside of the workplace by employees may be inappropriate if they are related to the Company's existing or proposed lines of business. Employees cannot use their employment with the Company or its property or information for personal advantage, nor can they compete with the Company in any business endeavour. If you have any questions, you should contact the Corporate Secretary.

Also, subject to the relationship already existing with business partners with whom Air Canada or a subsidiary has negotiated relationships (see Section below on Funds), employees may not use the Company's name to obtain discounts or other preferential trade practices without the written permission from the Corporate Secretary. This does not apply to employee discounts offered by airlines, hotels, car rental companies and other retailers.

Political Involvement

Company employees are free to participate in the political process as individuals and, subject to applicable laws, on their own time. Company funds or assets shall not be used to make a political contribution to any political party or candidate. For instance, an employee should not use the Company's name or his or her position with the Company to lend weight or prestige to sponsorship of a political party. Employees remain free to exercise their right to make personal political contributions. Any future political activity in which an employee might become involved shall be conducted in accordance with all applicable laws, rules, and regulations.

On the subject of Political Involvement, you may also want to consult our policy on "Leave to participate in Political Activities" which is available on Acaeronet.

D. Use of Company Assets

All employees are responsible for the proper use of Company physical resources and property, as well as its proprietary and other confidential information. All employees are also responsible for the protection of the Company's assets, both tangible (such as material, buildings, people, property, information, revenues) and intangible (such as communications networks, information systems, intellectual property). All employees must act reasonably and take appropriate measures to prevent losses arising from wilful action by others, both outside and within the Company, which may result in personal injury, property damage, theft, loss, abuse or unauthorized access to physical or logical assets, and intellectual property (including data).

On the subject of Use of Company Assets, you should also consult the following Company policies which are available on Acaeronet:

- Corporate Information and Security
- Visitors in the Workplace
- Corporate Security Policy

Solicitation

Company property, facilities or physical resources shall not be used for solicitation or distribution activities that are not related to an employee's services to the Company, except for charitable activities that have been approved in writing in advance by the head of the Corporate Affairs Branch of Air Canada or the equivalent manager at the employing subsidiary. Company premises include but are not limited to airports, offices, crew hotels, off-site conferences and meetings, shop floor, rest rooms, cafeterias, staff lunch rooms, computers, lockers, vehicles and parking lots. Employees may not solicit any other employee during working time, nor may employees distribute literature in work areas at any time. Under no circumstances may an employee disturb the work of others to solicit or distribute literature to them during their working time. Persons not employed by the Company may not solicit Company employees for any purposes on Company premises.

Property

The tangible and intangible property of the Company and third parties must be protected from loss, damage, theft, vandalism, sabotage or unauthorized use, copying, disclosure or disposal. Property must be used exclusively for legitimate business purposes, subject to limited exceptions involving telephones, computers, e-mail accounts and the Internet. Limited personal use of such Company property may be permissible provided that use is reasonable, is not for the purpose of carrying on non-Company business and does not impede or reduce an employee's ability to perform his/her duties, diminish productivity or effectiveness at work or negatively impact the Company in any way. There are a number of divisional and sectorial policies on personal phone calls which are in place. Please consult your supervisor in this regard.

Our policy on property applies to the Company's property located anywhere including:

- Tangible property i.e. offices and equipment, computers, desks, art painting, telephone equipment (both wire line and cellular/wireless), tools, aircraft, vehicles, etc. and
- Intangible property i.e. patents, copyrights, moral rights, trade-marks, domain names, integrated circuit topographies, industrial designs, trade secrets, confidential information, personality rights, rights that protect works like know-how, business methods and processes, computer software, computer operating systems, written materials (including paper or electronic form), inventions, patents, graphics, photographs, audiovisual works ("**Intellectual Property**") and communications networks and information systems. For more on inventions refer to the section titled "Intellectual Property" below.

Unauthorised possession or removal of Company property, funds or records is strictly prohibited. For example, unauthorised possession or removal of the following Company property is prohibited:

- Cargo
- Computer equipment and/or software
- Supplies from flights (including surplus), commissaries, stores, aircraft or offices

In order to safeguard its assets, the Company has also implemented a number of security guidelines and procedures including access control. For example, violation of security guidelines/procedures include but are not limited to the following:

- Entering or assisting others to enter restricted or closed areas without proper authority.
- Failing to observe Transport Canada rules and regulations, or regulations issued by foreign regulators which include:
 - (a) Challenging individuals who are in a secure area without the appropriate badges.
 - (b) Ensuring all secure entrances and exits are properly closed and locked.

Upon termination of employment or contract, or reassignment, employees must return all tangible and intangible property of the Company.

Intellectual Property

Intellectual property is a valuable asset of the Company. Protecting our innovation and our brands enhances our competitive advantages. For a definition of "Intellectual Property", please refer to the section titled "Property" above.

All inventions, works and other intellectual property rights, conceived in the course of employment with the Company on Company premises or with the use of Company equipment, data or property or which are within the scope of the Company's business interests, are the exclusive property of the Company and all rights therein, including moral rights are waived by the employee.

Employees are prohibited, during their employment and thereafter, from divulging the Company's proprietary or confidential information and intellectual property such as trade secrets, inventions and strategic plans without ensuring that the proper protection and safeguards and legal documentation are in place.

Employees are prohibited from seeking or applying for a patent or asserting other types of protection of intellectual property, in relation to an invention, work or other intellectual property developed by them or conceived during or after working hours in the course of their function with the Company, or which is within the purview of the Company's business interests. Moreover, employees should not make use of such property for their personal benefit.

Employees must disclose to their supervisor any intellectual property developed or conceived by them during or after working hours in the course of their employment with the Company, or which is within the purview of the Company's business or proposed lines of business.

Contracts

Contracts and agreements represent some of the greatest exposures faced by the Company. They also represent a great opportunity for the Company to minimize related risks. If you are in a position to develop or sign contracts, you must take necessary steps to protect the interests of the Company by ensuring that contracts are reviewed by the appropriate departments, including, always, the Law Branch.

Funds

Employees must properly use and protect Company cash, cheques and postage and make sure that all expenses, benefit claims and invoices are accurate and duly authorized in accordance with Company policies. Employees must provide receipts (proof) and/or explanations for all expenses incurred on behalf of the Company and follow the specific employee expense claim procedure provided for under particular Company policies. Employees must charge all expenses and transactions to the appropriate accounts. Employees who receive per diems for business travel pursuant to applicable collective agreements are not required to produce receipts and/or explanations for expenses incurred unless the agreements so stipulate. Employees must, whenever possible, utilize the services of business partners with whom the Company has agreements.

On the subject of Company Funds, you should also consult the following Company policies which are available on ACaeronet:

- Automobile Expense Reimbursement
- Business Travel Expenses
- Local Transportation – Taxis
- Corporate Accommodation (Hotels)

Fraud or Dishonesty

Fraudulent or dishonest actions by employees with respect to the Company's assets are strictly prohibited. Such actions include, but are not limited to:

- Abuse of travel privileges by an employee.
- Punching another employee's timecard.
- Falsification of time records.
- Falsification of expenses claims.
- Failure to give accurate information required for personnel and/or security reasons.
- Fictitious vendor invoices and/or receipts.
- Fictitious payroll transactions.
- Making oral or written (by whatever means) false statements about the Company, other employees, supervisors, oneself, or work situations.
- Authorising or receiving payments for goods not received or services not performed.
- Misappropriation of funds, securities, supplies, or any other asset.
- Making or altering documents or computer files with the intent to defraud the Company or its customers.
- Improper handling or reporting of money transactions.
- Improper use or falsification of Company letterhead for non-business related purposes.

On the subject of fraudulent or dishonest actions, you should also consult the Company's fraud policy which is available on ACaeronet.

E. Confidential Information

General

The Company operates in very competitive markets. Every employee should be aware that in any competitive environment, proprietary information and trade secrets must be safeguarded in the same way that all other important Company assets are protected. Information concerning pricing, products or services that are being developed, intellectual property and other such trade secrets, including information pertaining to any prospective Company acquisition or divestiture and all non-public information, must be held in the strictest confidence, and reasonable prudence and care should be exercised in dealing with such information in order to avoid inadvertent disclosure. This information must not be used in any way other than as required in performing employment duties. All files, records and reports acquired or created in the course of employment are the property of the Company. Originals or copies of such documents, whether in whole or in part, may be removed from the Company's offices upon the authorization of the employee's supervisor, provided they are at all times kept in a secure environment, for the sole purpose of performing the employee's duties to the Company and must be returned at any time upon request.

On the subject of Confidential Information, you should consult our "Corporate Information Security Policy" which is available on ACaeronet.

Proprietary information

Many Company documents and much of its information (including confidential information) are proprietary. That means that they contain highly sensitive information crucial to the conduct of the Company's business. Information provided to the Company by a third party may also be proprietary, confidential or secret and must be dealt with according to instructions provided by such third party. All such information must be protected against unauthorized divulcation or misuse.

Examples of proprietary information include, but are not limited to:

- business plans
- personal information such as that found in flight records (i.e. passenger names and records) which is identified as confidential
- information about novel technology
- strategic plans
- legal proceedings
- business partner's file and information
- sensitive information on employees
- audit reports

- training material, including manuals
- software programs

Depending on the sort of information, unauthorized divulgence or mishandling can have serious repercussions for the Company. For example, the Company could be placed at a competitive disadvantage; it might be exposed to legal proceedings or its image could be negatively affected.

On the subject of Proprietary Information, you should consult our "Corporate Information Security Policy" which is available on ACaeronet.

F. Compliance with Law

It is the policy of the Company to comply with all applicable laws and regulations, including, without limitation, employment, labour, non-discrimination, health and safety, privacy, antitrust/competition, securities, transportation, immigration, language and environmental laws. No employee of the Company has authority to violate any law or to direct another employee or any other person to violate any law on behalf of the Company.

Securities Laws and Insider Trading

Securities legislation imposes restrictions with respect to the purchase and sale of securities and “tipping” when a person possesses information not yet known to the public and which could affect the market price of the securities of a given company.

Employees may not buy or sell securities of Air Canada or any other company that is a public company, with knowledge of non-public material information obtained in the course of employment, or “tip” others concerning such information. Employees should be careful to avoid inadvertently disclosing confidential information to spouses, family members and others who live in their households, or to business partners, friends and others as this could be considered “tipping”.

Non-public material information refers to information that, if disclosed, could affect the market price of a company’s securities or is likely to be considered important by investors in determining whether to buy or sell such securities. For instance, the information could be used by investors to buy, sell or otherwise trade in shares of Air Canada, as well as securities of third parties with which the Company has dealings.

Examples of material information include:

- annual and quarterly financial results
- new products and services
- strategic plans
- business results
- Company statistics
- negotiations with unions
- important management changes

On the subject of Insider Trading, you should consult our "Guidelines on Trading" which are available on ACAeronet.

Short Sales and Calls of Air Canada Securities

As an employee of the Company, you may not engage in the following with respect to securities of Air Canada: (a) short sales; (b) sale of a call option and (c) purchase of a put option.

Short selling means selling shares you do not currently own and borrowing a third party’s shares in order to make delivery, the whole in expectation that the shares will decrease in value when you will buy back the shares and return them to the owner. Such process is subject to

undue speculation and abuse and is therefore prohibited. You must exercise great caution in your trading in order to avoid inadvertent breaches of these restrictions.

Puts and calls are also subject to the same abuse and therefore similar restrictions also apply to the sales of call options and purchases of put options in respect of securities of Air Canada.

Books and Records

Air Canada is required under securities laws, tax laws, the laws and regulations of other countries or jurisdictions, and generally accepted accounting principles to keep books, records and accounts that accurately reflect all transactions and to provide an adequate system of internal accounting and controls. We expect employees to ensure that those portions of the Company's books, records and accounts for which they are responsible are valid, complete, accurate and supported by appropriate documentation in verifiable form. Employees should not:

- Improperly accelerate or defer expenses or revenues to achieve financial results or goals.
- Maintain any undisclosed or unrecorded funds or "off the book" assets.
- Establish or maintain improper, misleading, incomplete or fraudulent accounting documentation or financial reporting.
- Make any payment for purposes other than those described in the documents supporting the payment.
- Submit or approve any expense report where the employee knows or suspects that any portion of the underlying expenses were not incurred, are not accurate or are not in compliance with Air Canada's expense policies.
- Sign any documents believed to be inaccurate or untruthful.

Internal Controls

The Company has adopted various types of internal controls and procedures as required to meet internal needs and applicable laws and regulations. We expect employees to follow these controls and procedures to the extent they apply, to assure the complete and accurate recording of all transactions. All employees with supervisory duties should implement appropriate internal accounting controls over all areas of their responsibility to ensure the safeguarding of the assets of the Company and the accuracy of its financial records and reports. All staff, within their areas of responsibility, are expected to adhere to these procedures, as directed by appropriate Company officers.

No employee may interfere with or seek to improperly influence, directly or indirectly, the auditing of the Company's financial records. If an employee becomes aware of any improper transaction or accounting practice concerning the resources of the Company, he or she should report the matter immediately to his or her supervisor.

Disclosure Obligations

Air Canada is required under securities laws to provide the public with timely and periodic disclosure regarding the Company's business and financial condition (such as quarterly and annual reports and materials for our annual shareholders meeting). The Company provides additional disclosures to the public through quarterly press releases, and may provide additional disclosures through analyst conference calls and other press releases and filings, as events warrant. All employees who participate in the preparation or dissemination of these disclosures, or who provide information that they know may be used in the preparation of these disclosures, have a legal and ethical duty to ensure that the disclosure is full, fair, accurate, timely, and understandable.

Air Canada maintains disclosure controls and procedures designed to meet these disclosure obligations. If an employee becomes aware that a public disclosure is not accurate, complete or timely, or of a development that the employee believes may require disclosure, the employee should report the matter immediately and directly to the head of the Corporate Communications or Investor Relations Branch.

In order that a consistent message be delivered, it is necessary to limit the number of individuals who may communicate information to the financial community on behalf of the Company. Air Canada's authorized spokespersons are the following:

- The Chairman of the Board of Directors;
- The President and Chief Executive Officer;
- The Chief Financial Officer;
- The Director, Investor Relations (CFO designate); and
- Other persons authorized in writing by the Chief Financial Officer.

All employees are required to abide by the Public Disclosure Policy, which is available on ACaeronet.

Antitrust and Competition Laws

Employees must avoid all actions that reasonably could be construed as being anti-competitive, monopolistic or otherwise contrary to laws governing competitive practices in the marketplace. The federal government, the U.S. government, the European Union and many foreign governments have enacted "antitrust" or "competition" laws. Their purpose is to ensure that markets for goods and services operate competitively and efficiently, so that customers enjoy the benefit of open competition among their suppliers and sellers similarly benefit from competition among their purchasers. Violations of these laws can lead to substantial civil and criminal liability for the Company as well as for the employee.

Most competition law regimes generally prohibit agreement or even communications among competitors on any aspect of competitive parameters (e.g. price, product or service). For instance, when business competitors (actual or potential) agree (even if only tacitly) on the prices that they will charge their customers or prevent or impede other businesses from competing in a market, they may be committing an offence under competition laws. The dissemination or exchange of information among competitors that may facilitate or lead to tacit agreement also raises concerns. Therefore, “signaling”, communicating with or sending messages to competitors through any means about future pricing (including fares, surcharges, fees, commissions) or other competitive activities must be avoided. In the European Union, for instance, the existence of a “concerted practice” may be inferred from the mere exchange of information about future competitive conduct between competitors, and such exchange could frequently be unlawful and prohibited, even without any agreement or any market impact at all.

It is Air Canada’s policy to fully comply with all applicable competition and anti-trust laws governing competitive practices in the marketplace. Our industry has recently undergone profound changes as a result of deregulation and globalization. In addition, there has been a proliferation of strict competition law regimes globally. As a result, many practices which employees may have previously perceived as acceptable (or even ordinary) raise significant risks for the Company and must be closely examined in light of this new environment. Further complicating matters is the fact that many competition law rules are not necessarily intuitive and in many cases go against the ingrained culture of our industry, which has placed great value on industry cooperation on various operational matters such as safety and security. As a result, it is critical that all employees internalize the culture and rules of competition law and incorporate them into their way of doing business.

Employees must avoid all actions that are or could reasonably be construed as being anti-competitive, monopolistic or otherwise contrary to such laws; employees are expected to perform their duties in accordance with such laws and follow guidelines established by the Company.

Employees should consult the “Guidelines for Exchanging Information or Attending Meetings with Competitors” and other competitive tools which are available on ACaeronet.

Because of the importance and complex nature of this area of law, employees need to consult regularly with the Law Branch to obtain assistance and guidance on competitive issues and to address specific situations and initiatives. It is mandatory that you attend a competition law compliance seminar provided by the Law Branch if your duties or functions with the Company involve exchanging information with competitors, attending trade association meetings or being involved in any matter relating to coordination or decision-making having an impact on competition.

International Operations

Laws and customs vary throughout the world, but all employees must uphold the integrity of the Company in other countries as diligently as they would in Canada. When conducting

business in other countries, it is imperative that employees comply with foreign legal requirements and laws and regulations that apply to the foreign operations of the Company.

Relationships with Public Officials

Some employees do business with foreign, federal, provincial or local government agencies. All employees engaged in business with a governmental body or agency must know and abide by the specific rules and regulations covering relations with such public agencies. Such employees must also conduct themselves in a manner that avoids any dealings that might be perceived as attempts to improperly influence public officials in the performance of their official duties. When dealing with agencies on legal matters, the Law Branch should be consulted in advance.

Bribery, Kickback and Fraud

No funds or assets of the Company shall be paid, loaned or otherwise disbursed as bribes, "kickbacks," or other payments designed to influence or compromise the conduct of the recipient. Employees shall not accept any funds or other assets for assisting in doing business with the Company.

Prohibition against Payments to Foreign Government Officials

The laws of many countries in which the Company does business, make it a criminal offence for employees or agents of the Company to give or offer to give cash or anything of value to a government official, a political party, a candidate for political office, an official of a government-owned corporation or an official of international organizations for the purpose of influencing any such official or a decision of that official or securing any improper advantage. Payments made indirectly through an intermediary, under circumstances indicating that the payments might be passed along for prohibited purposes, are also illegal.

Because determining what is a permissible payment involves difficult legal determinations, no payments or gifts related to the Company's business activities may be made to foreign officials.

Privacy Laws

In doing business, we acquire personal information about our business partners, service providers, employees and customers. We collect this information only for lawful purposes related to the operations and business of the Company and the provision of services and products by the Company, and may use the information only for the purposes for which it was collected and that the employee, customer, business partner or service provider would reasonably expect.

We are required to comply with privacy laws that require us to identify the purposes for which we collect personal information, and obtain the consent of our customers before collecting, using or disclosing this information. Personal information must be appropriately safeguarded and access to it limited to those having a legitimate business need. Questions relating to obligations dealing with personal information and privacy should be addressed to the Law Branch.

On the subject of Privacy Laws, you should consult our “Corporate Information Security Policy” which is available on ACAeronet.

Environment

The Company is committed to complying with all applicable environmental laws. All employees should strive to conserve resources and reduce waste and emissions through recycling and other energy conservation measures. Employees have a responsibility to promptly report to the head of the Corporate Safety and Environment Branch of Air Canada or the equivalent manager at an employing subsidiary any known or suspected violations of environmental laws or any events that may result in a discharge or emission of hazardous materials. Employees should be particularly alert to the storage, disposal and transportation of waste, and handling of toxic materials and emissions into the land, water or air.

Employees should also consult our “Environmental Policy”, reporting procedures and contact information for the Corporate Safety and Environment Branch available on ACAeronet.

G. Fair Dealing with other People and Organizations

All business dealings undertaken on behalf of the Company should be conducted in a candid and straightforward manner that preserves our integrity and reputation. It is the Company's policy to avoid misrepresentations, manipulation, concealment, misuse or abuse of confidential information or any other unfair-dealing practices in all dealings with the Company's shareholders, customers, suppliers, competitors and employees.

Competitors

The Company encourages competition and is committed to dealing with competitors in a respectful manner. The Company has a responsibility to present its competitors accurately and without bias. Acting otherwise may result in allegations of anti-competitive behaviour, and possibly in legal proceedings.

Obtaining Information about our Competitors

Employees have the right to obtain information about the industry in which the Company operates. This includes information about our competitors, their product offerings, services, technology, prices, marketing campaigns, and so on. However, this must be done only through legal channels and, in any case of doubt as to conformity with the law, only after seeking guidance from Air Canada's Legal Department. Acting otherwise may expose the Company to liability and could result in legal proceedings.

Selling our Products and Services

Our customers trust us to provide quality products and services, and be accurate when discussing our advantages and benefits. To maintain that trust:

- we offer customers only those services which we are allowed to provide, either alone or through contract with an alliance partner or agent
- we sell only those products and services our customers desire
- we promote our products and services truthfully
- we allow partners to ask the right questions about their competitive choices
- we always act in a courteous, friendly and constructive manner when dealing with customers

H. Employment Policies

The Company is committed to fostering a work environment in which all individuals are treated with respect and dignity. Employees are expected to conduct themselves with honesty and integrity, and treat others with fairness, dignity and respect. Each individual should be permitted to work in a business-like atmosphere that promotes equal employment opportunities and prohibits discriminatory practices. Therefore, the Company expects that all relationships among persons in the workplace will be business-like and free of unlawful discrimination and harassment. It is the Company's policy to ensure equal employment opportunity without discrimination or harassment on the basis of race, colour, national or ethnic origin, religion, sex (including pregnancy or childbirth), sexual orientation, age (except as provided by law), marital status, family status, physical or mental disability or any other status protected by law.

It is the Company's policy to comply with all applicable employment and labour laws as well as all other statutes regulating the employer-employee relationship and the workplace environment.

No employee shall interfere with or retaliate against another employee who seeks to invoke his or her rights under the laws governing labour and employee relations. If any employee has any questions about the laws or Company policies governing labour and employee relations matters, he or she should contact the head of the Employee Relations Branch of Air Canada or the Human Resources Branch of the relevant subsidiary.

Alcohol and Drugs

The Company is committed to maintaining a drug-free and alcohol-free workplace. Drinking alcoholic beverages is prohibited while on duty or on the premises of the Company, except at specified Company-sanctioned events. Possessing, using, selling or offering illegal drugs and other controlled substances is prohibited in all circumstances while on duty or on the premises of the Company. Smoking in the workplace, except in designated areas, is also prohibited. Likewise, employees are prohibited from reporting for work while under the influence of alcohol or any illegal drug or controlled substance. Such policy is essential to the Company as many of its employees hold "safety sensitive positions".

For more information on the subject of Alcohol and Drugs, you should consult the following policies which are available on ACAeronet:

- Substance Use Policy
- Smoke Free Workplace Policy

Violence Prevention

The safety and security of Company employees is vitally important. Air Canada will not tolerate violence or threats of violence in, or related to, the workplace. Employees who experience, witness or otherwise become aware of a violent or potentially violent situation that occurs on the Company's property or that affects our business must immediately report the situation to their supervisor.

Discrimination and Harassment

The Company prohibits all types of unlawful discrimination, including harassment, whether directed against an individual or group, including employees, customers and shareholders. This specifically includes discrimination based on race, national or ethnic origin, colour, religion, age (except as provided by law), sex (including pregnancy or childbirth), sexual orientation, marital status, family status, physical or mental disability or a conviction for which a pardon has been granted or any other status protected by law.

Harassment is usually defined as any behaviour, often recurrent in nature, which negates an individual's dignity and the respect to which they are entitled because the behaviour is offensive, embarrassing or humiliating. Harassment may take different forms, such as any one or more of the following non-exhaustive list of examples:

- unwelcome remarks or jokes about subjects like one's race, national or ethnic origin, colour, religion, age, sex (including pregnancy or childbirth), sexual orientation, marital status, family status, physical or mental disability or a conviction for which a pardon has been granted;
- displaying discriminatory or other offensive pictures, posters, e-mails or screen displays;
- sending or receiving messages or files, by e-mail or any other form of delivery, that are illegal, sexually explicit, abusive, offensive, profane, unwelcome, or that may adversely affect Air Canada's image;
- sexual harassment;
- unnecessary physical contact, such as touching or pinching;
- threats, intimidation or verbal abuse; or
- any other action that may reasonably be perceived as offensive or disrespectful.

On the subject of Discrimination and Harassment, you should consult the following policies which are available on ACAeronet:

- Employee Equity – Designated Groups
- Duty to Accommodate
- Workplace Harassment

Employee Privacy

It is the Company's policy to protect the personal information of its employees and to collect such information only for purposes relevant to the Company's business. Upon request, employees have the right to have access to their personal information. Personal information means information about an identifiable individual, but does not include the name, title or business address or telephone number of an employee. Employee personal information refers to those records like the employee's file and other documents collected and used to provide services or support like pay or benefits information.

All personal information must be protected by safeguards appropriate to the level of sensitivity of the information and may only be used for the identified purposes for which it was collected. Disclosure of an employee's personal information without his/her consent is limited to those within the Company who require it for identified purposes or whose duties require it, or to third parties only in circumstances where required by law. All employees--both supervisors and non supervisors--holding personal employee information must handle it in compliance with the privacy principles. Aside from applying appropriate safeguards (i.e.: locked drawers and filing cabinets, use of passwords and encryption), employees should beware of public spaces when discussing personal employee information.

For more information on the subject of Employee Privacy, you should consult the following policies which are available on ACAeronet:

- Personal Information Protection - Employees
- Protected Health Information - Employees

Health and Safety

The Company is committed to providing a safe and healthy working environment for its employees and to avoiding adverse impact and injury to the environment and the communities in which it does business. Employees must comply with all applicable health and safety laws, regulations and Company standards. You should contact your supervisor if you have any questions about the laws, regulations and policies that apply to you. Violation of the Company's health and safety requirements include but are not limited to the following:

- Failing to observe Company and general occupational health and safety practices and regulations.
- Committing violence in the workplace.
- Endangering the occupational health and safety of others.
- Committing unsanitary or unsafe acts such as the following:
 - (a) Loitering in or around aircraft during fuelling or servicing.
 - (b) Smoking in restricted areas.
 - (c) Not wearing required protective clothing or footwear.

If you have a concern about unsafe conditions or tasks that present a risk of injury to you or others, please report these concerns immediately to your supervisor. The Company is committed to maintaining the health of its employees and may require occupational health assessments in appropriate circumstances.

For more information on the subject of health assessments, you should consult our "Occupational Health Assessment" policy which is available on ACaeronet.

I. Computer, E-mail and Internet Policies

Every employee is responsible for using the Company's information system and computer system, including e-mail and the internet, properly and in accordance with Company policies. Any questions about these policies should be addressed to the head of the Corporate Security Branch of Air Canada or the relevant subsidiary.

Computer System

The computers that employees access for work purposes and the Company e-mail system are the property of the Company and have been provided for use in conducting Company business. All communications and information transmitted by, received from, created or stored in its computer system (whether through word processing programs, e-mail, the Internet or otherwise) are the property of the Company.

Access to the Internet is provided for business purposes. However, accommodating employees' development and awareness needs through personal use of Company-provided Internet may be appropriate under certain circumstances. Personal use must be reasonable, i.e. it must not impede or reduce an employee's ability to perform his/her duties, diminish productivity or effectiveness at work or negatively impact the Company in any way. Employees are responsible for any action taken while using the Internet or e-mail and will be held accountable.

Software

Employees are prohibited from making copies of software purchased and owned by the Company in violation of copyright or trademark laws, or from using software that does not belong to the Company. The use of personal software for private purposes is only acceptable under certain conditions as specified in the Corporate Information Security Policy.

Viruses

Employees are prohibited from installing applications and/or utilities on the Company's computer system (including those downloaded from the internet) and for which the use has not been expressly authorized by the Company. Employees are expressly prohibited from loading or running any executable e-mail attachments, regardless of their source or content, without having the files reviewed and approved by the Company. Employees may not attach, for any reason, personal computers or laptops to the systems.

For more information on the subject of Computer, E-mail and the Internet, you should consult our "Corporate Information Security Policy" which is available on ACAeronet.

No Expectation of Privacy

The Company has the right, and without the consent of any employee, to monitor any and all of the aspects of its computer system, including, without limitation, reviewing documents created and stored on its computer system, deleting any matter stored in its system, monitoring sites visited by employees on the Internet, monitoring chat and news groups, reviewing material downloaded or uploaded by users from the Internet, and reviewing e-mail sent and received by users. Employees should not have an expectation of privacy in anything they create, store, send or receive on the Company's computer system.

Professional Use of Computer System

Employees are reminded to be courteous to other users of the system and always to conduct themselves in a professional manner. The Company's policies against discrimination and harassment (sexual or otherwise) apply fully to the Company's computer system, and any violation of those policies is grounds for discipline up to and including termination of employment. Company policies prohibit using the Company's computer system to send or receive messages or files that are illegal, sexually explicit, abusive, offensive, profane, unwelcome or that may adversely affect the Company's image.

Social Networking Websites, Blogs and Chat Rooms

Opinions expressed by an employee when participating in Internet chat rooms, blogs, bulletin boards, newsgroups, social networking websites, etc. ("**Online Postings**"), unless specifically authorized by the Company, are strictly those of the employee and do not reflect the opinions of the Company. Employees are prohibited from giving the impression that they are speaking on behalf of the Company or expressing the Company's perspective.

Employees obligation of confidentiality extends beyond work hours and outside of the workplace. In this regard, an employee's right to express himself or herself on an Online Posting is subject to his or her obligation of confidentiality towards the Company.

Consequently, employees are strictly prohibited from discussing on any Online Postings any confidential, non-public, proprietary or personal information, trade secrets or other information about the Company, its business, employees, customers, suppliers, partners, affiliates or competitors, including but not limited to comments about its services, products, operational performance, financial results or stock performance. Employees are also prohibited from using the Company's trademarks or copyrighted material on any Online Postings.

Employees are prohibited from publishing or posting material on any Online Postings that damages or negatively impacts the reputation or image of the Company, its services, products, customers, suppliers, partners, affiliates, competitors or any of its employees.

Employees are also prohibited from posting or publishing images of themselves or other employees in uniform or visible nametags, or otherwise identifying themselves or others as employees in Online Postings without first obtaining the Company's permission.

Document Retention

The space available for the storage of Company documents, both on paper and electronic, is limited and expensive. In addition, pursuant to applicable laws, certain documents must be destroyed, erased, or made anonymous when they are no longer required to fulfil their identified purpose. Therefore, periodic discarding of documents is necessary. On the other hand, there are legal requirements that certain records be retained for specific periods of time. Employees who are unsure about the need to keep or destroy, particular documents should consult with their supervisor, so that a judgment can be made as to the likelihood that the documents will be needed and a determination made as to whether there is a legal obligation to retain them. Any question relating to whether there are legal obligations to retain certain documents should be directed to the Corporate Secretary.

Whenever it becomes apparent that documents of any type will be required in connection with a lawsuit or government investigation, all possibly relevant documents should be preserved, and ordinary disposal or alteration of documents pertaining to the subjects of the litigation or investigation should be immediately suspended. If an employee is uncertain whether documents under his or her control should be preserved because they might relate to a lawsuit or investigation, he or she should contact the Corporate Secretary or the Law Branch. There are also other legal obligations that could require that documents be retained and not destroyed.

For more information on the subject of Document Retention, please consult the "Document Retention Procedures Guide" which is available on ACAeronet.

J. Reporting Suspected Non-Compliance

General Policy

Employees who have information about potential non-compliant behaviour of the Company or of any employee under this Code or under any laws, rules or regulations should bring it to the attention of their supervisor or the Corporate Secretary or submit an anonymous report as provided below. Employees are required to come forward with any such information, without regard to the identity or position of the suspected offender. Air Canada will treat the information in a confidential manner and will seek to ensure that no acts of retribution or retaliation will be taken against anyone for making a good faith report.

Failure to report knowledge of wrongdoing may result in disciplinary action against those who fail to report.

In-Person Report

Information about known or suspected violations of this Code or of any laws, rules, or regulations by any employee should be reported promptly and may be reported to the employee's immediate supervisor or the Corporate Secretary.

Anonymous Reporting

An employee may report anonymously any questionable financial reporting, or known or suspected cases of fraudulent or dishonest activities or conflicts of interest. In this regard, please consult Air Canada's Ethics Reporting Program which is available on ACAeronet under "My Work" and "Policies and Procedures".

You will remain anonymous and will not be required to reveal your identity, although providing your identity may assist Air Canada in investigating your concern.

Investigation

Employees are expected to cooperate in the investigation of reported violations. The person accused of violating this Code or under any laws, rules or regulations will, except in extraordinary circumstances, be provided an opportunity to explain or rebut the accusations.

Confidentiality

To the extent practical and appropriate under the circumstances to protect the privacy of the persons involved, the identity of anyone who reports a suspected violation or who participates in the investigation shall not be disclosed. Employees should be aware that the Corporate Secretary and the General Auditor and those assisting him or her are obligated to act in the best interests of the Company, and do not act as personal representatives or lawyers for employees.

Protection Against Retaliation

Retaliation in any form against an individual who reports a violation of this Code or of law, rule, or regulation, even if the report is mistaken (provided it was made in good faith) or who, in good faith, assists in the investigation of a reported violation, is itself a serious violation of this Code. Acts or threats of retaliation should be reported immediately and those involved will be disciplined appropriately.

K. Waivers of the Code

The Governance and Corporate Matters Committee must approve any waiver of the requirements of this Code for a director or executive officer of Air Canada and its subsidiaries. An executive officer of Air Canada or a subsidiary may grant a waiver for other employees with the concurrence of the Corporate Secretary. A waiver will be granted only in extraordinary circumstances and on a case-by-case basis. Air Canada must disclose the granting of such waiver to a director or executive officer as required by applicable securities laws.

An executive officer generally means:

- The Chairman of the Board of Directors
- The President and Chief Executive Officer
- A Vice President in charge of a principal business unit
- Any other individual who performs a policy-making function

Annex A
Management Acknowledgment Form

I, _____, confirm that I have read the "Corporate Policy and Guidelines on Business Conduct" (the "**Code**") of Air Canada and I will follow the terms, policies and guidelines contained and referenced in the Code. Furthermore, I undertake to promote the guidelines and principles of the Code and take all reasonable measures to ensure that the employees under my supervision fully comply with the Code, to the extent policies or guidelines relating to the same matter have not been separately adopted by the entity for which I work.

SIGNED ON

_____ Day of _____ 20_____

Employee's printed name

Employee's position

Employee's signature

RECEIVED BY:	_____
SIGNATURE:	_____
DATE OF RECEIPT	_____

Annex B
Conflict of Interest Disclosure Form

If applicable, please disclose any and all business, commercial or financial interests or activities that may create a conflict of interest. If you are not sure that you are in a situation of conflict of interest please consult Section C of this Code or contact the Corporate Secretary.

Description of the situation giving rise to a conflict of interest:

Employee's printed name

Employee's position

Employee's signature

RECEIVED BY:	_____
SIGNATURE:	_____
DATE OF RECEIPT	_____