Table of Contents

- Operating Statistics
- Revenue Highlights
- Expense Highlights
Air Canada Services Operating Results Improve by $46 mln

<table>
<thead>
<tr>
<th>(millions)</th>
<th>Q1 2007</th>
<th>Q1 2006</th>
<th>Change Fav./(Unfav.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oper. Revenue</td>
<td>$2,534</td>
<td>$2,394</td>
<td>$140</td>
</tr>
<tr>
<td>Oper. Expense</td>
<td>2,612</td>
<td>2,518</td>
<td>(94)</td>
</tr>
<tr>
<td>Oper. Loss</td>
<td>(78)</td>
<td>(124)</td>
<td>46</td>
</tr>
<tr>
<td>Non-oper. Income (Expense)</td>
<td>8</td>
<td>(40)</td>
<td>48</td>
</tr>
<tr>
<td>Loss Before NCI, FX &amp; Tax</td>
<td>(70)</td>
<td>(164)</td>
<td>94</td>
</tr>
<tr>
<td>Non-controlling Interest</td>
<td>(2)</td>
<td>(4)</td>
<td>2</td>
</tr>
<tr>
<td>FX Gain</td>
<td>33</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>Recovery of Income Taxes</td>
<td>5</td>
<td>29</td>
<td>(24)</td>
</tr>
<tr>
<td>Loss</td>
<td>$(34)</td>
<td>$(126)</td>
<td>$92</td>
</tr>
</tbody>
</table>
## Q1 Net Interest Expense Down $15 mln

<table>
<thead>
<tr>
<th>(millions)</th>
<th>Q1 2007</th>
<th>Change Fav./(Unfav.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Expense</td>
<td>$ (29)</td>
<td>$ 15</td>
</tr>
<tr>
<td>Gain on Sale</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Other Non-Operating Inc.</td>
<td>30</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total Non-Operating Income</strong></td>
<td><strong>$ 8</strong></td>
<td><strong>$ 48</strong></td>
</tr>
</tbody>
</table>

$34 mln gain on derivatives
<table>
<thead>
<tr>
<th>Region</th>
<th>ASMs</th>
<th>RPMs</th>
<th>PLF</th>
<th>Yield</th>
<th>RASM</th>
<th>Rev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>↑ 2.2%</td>
<td>↑ 7.2%</td>
<td>↑ 3.8 PP</td>
<td>↑ 1.4%</td>
<td>↑ 6.4%</td>
<td>↑ 8.7%</td>
</tr>
<tr>
<td>US Transborder</td>
<td>↑ 8.1%</td>
<td>↑ 5.5%</td>
<td>↓ 1.8 PP</td>
<td>↓ 1.3%</td>
<td>↓ 3.6%</td>
<td>↑ 4.2%</td>
</tr>
<tr>
<td>Atlantic</td>
<td>↑ 2.1%</td>
<td>↑ 4.6%</td>
<td>↑ 2.0 PP</td>
<td>↑ 2.0%</td>
<td>↑ 4.5%</td>
<td>↑ 6.7%</td>
</tr>
<tr>
<td>Pacific</td>
<td>↑ 0.9%</td>
<td>↑ 3.2%</td>
<td>↑ 1.9 PP</td>
<td>↑ 4.8%</td>
<td>↑ 7.2%</td>
<td>↑ 8.1%</td>
</tr>
<tr>
<td>Latin Amer. &amp; Other</td>
<td>↑ 1.8%</td>
<td>↑ 3.1%</td>
<td>↑ 1.0 PP</td>
<td>↑ 1.0%</td>
<td>↑ 2.2%</td>
<td>↑ 4.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>↑ 3.1%</td>
<td>↑ 5.1%</td>
<td>↑ 1.5 PP</td>
<td>↑ 1.6%</td>
<td>↑ 3.5%</td>
<td>↑ 6.8%</td>
</tr>
</tbody>
</table>

- **Total Expense**: ↑ 3.7%
- **Total CASM**: ↑ 0.6%
- **Total CASM excl. Fuel**: ↑ 0.8%
North American Growth Accounts for \( \frac{3}{4} \) of Overall Capacity Increase

(Y-O-Y Changes in Capacity)

% Change in ASMs

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>5%</td>
<td>10%</td>
<td>0%</td>
<td>-5%</td>
<td>5%</td>
</tr>
<tr>
<td>U.S.</td>
<td>0%</td>
<td>15%</td>
<td>10%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Oth. Int'l</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>-5%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Strong Traffic Outpaces Capacity Growth in All Sectors but U.S.

(Y-O-Y Changes in Traffic)

% Change in RPMs
Yield Performance Improves in all Sectors from 4th Quarter's Pace

(Y-O-Y Changes in Passenger Yield)

% Change in Yield

Canada U.S. Oth. Int'l Total

System RASM Growth Strengthens on Better Yield and Higher LF

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

% Change in RASM

Canada U.S. Oth. Int'l Total


AIR CANADA
System Revenue Growth Stable as Stronger Domestic and Intn'l Revenues Offset Lower Transborder Growth

(Y-O-Y Changes in Passenger Revenue)

% Change in Revenue

Canada | U.S. | Oth. Int'l | Total


AIR CANADA
Canada – Q1 RASM Jumps 6.4% Mostly on Load Factor
US Transborder – RASM Declines 3.6% as Weaker Load Factor Combines With a Soft Yield

Y-O-Y Change

Capacity (ASM)

Load Factor

Yield

RASM
Atlantic –
Strong Yield and a Jump in LF Combine to Lift RASM 4.5%

Y-O-Y Change

Capacity (ASM)

Load Factor

Yield

RASM

AIR CANADA
Pacific –
7.2% RASM Growth on 4.8% Jump in Yield and Solid LF

Y-O-Y Change

Capacity (ASM)

Yield

Load Factor

RASM

AIR CANADA
Caribbean, Latin America & Australia – RASM Growth Continues Equally on Yield and Load Factor

Y-O-Y Change

Capacity (ASM)

Load Factor

Yield

RASM

AIR CANADA
Total –
System RASM Lifts 3.5% on Higher Yield and LF

Y-O-Y Change

**Capacity (ASM)**

- % Change
- Q1 2006, Q2 2006, Q3 2006, Q4 2006, Q1 2007

**Load Factor**

- PP Change
- Q1 2006, Q2 2006, Q3 2006, Q4 2006, Q1 2007

**Yield**

- % Change
- Q1 2006, Q2 2006, Q3 2006, Q4 2006, Q1 2007

**RASM**

- % Change
- Q2 2006, Q3 2006, Q4 2006, Q1 2007
Average Salary Up 5.3%; Employee Levels Down 501 or 2.1%.

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

% Change Y-O-Y
Cost/Litre Down 1.1% While Fuel Productivity Declines 0.7%

(Fuel Productivity & Unit Cost)

% Change Y-O-Y

-10% 0% 10% 20% 30%

Q1'06 Q2'06 Q3'06 Q4'06 Q1'07

Fuel Productivity (ASMs/Lt) Fuel Cost (Cdn cts/Lt)
"Other" Category up 5.3% on Air Canada Vacation Ground Package Costs

% Change Y-O-Y

Q1 2007/2006
Unit Cost* Up 1.7% Due Higher Average Salaries, Mtce. Expenses, ACV Ground Packages and Weather

(Cost Per ASM)

% Change Y-O-Y

* 2006 excluding special charges
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Certain statements made in this Q1 2007 presentation are forward-looking statements, which are, by their nature, based on assumptions and are subject to important risks and uncertainties. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business. Results indicated in forward-looking statements may differ materially from actual results due to a number of factors, including without limitation, energy prices, general industry, market and economic conditions, war, terrorist attacks, changes in demand due to the seasonal nature of the business, the ability to reduce operating costs and employee counts, employee relations, labour negotiations or disputes, pension issues, currency exchange and interest rates, changes in laws, regulatory developments or proceedings, pending and future litigation and actions by third parties as well as the factors identified throughout this Q1 2007 presentation and, in particular, those identified in the "Risk Factors" section of Air Canada’s 2006 annual MD&A dated February 14, 2007. The forward-looking statements contained in this Q1 2007 presentation represent the Corporation’s expectations as of May 10, 2007 and are subject to change after such date. However, the Corporation disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.