



2008 Year-End and Fourth Quarter Financial Results

February 13, 2009

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4th Quarter EBITDAR of \$108 mln

<i>(millions)</i>	Q4 2008	Q4 2007	Change Fav./Unfav.)
Oper. Revenue	\$ 2,498	\$ 2,513	\$ (15)
Oper. Expense	2,644	2,441	(203)
Oper. Income (Loss)	\$ (146)	\$ 72	\$ (218)
EBITDAR	\$ 108	\$ 274	\$ (166)

Q4 Net Interest Expense Increased \$24 mln

<i>(millions)</i>	Q4 2008	Change Fav./Unfav.
Net Interest Expense	\$ (71)	\$ (24)
Loss on Disposal	(5)	(5)
Other Non-Oper. Income	32	37
		\$33 million fair value adjustment on derivatives
Total Non-Oper. Income	\$ (44)	\$ 8

Q4 2008

Actual vs Prior Year

	ASMs	RPMs	PLF	Yield	RASM	Rev
Canada	↓ 4.3%	↓ 3.3%	↑ 0.9 PP	↑ 2.2%	↑ 3.2%	↓ 1.2%
US Transborder	↓ 15.0%	↓ 12.8%	↑ 2.0 PP	↑ 5.9%	↑ 8.6%	↓ 7.7%
Atlantic	↓ 7.2%	↓ 3.7%	↑ 2.9 PP	↑ 9.5%	↑ 13.5%	↑ 5.3%
Pacific	↓ 17.7%	↓ 10.4%	↑ 7.1 PP	↑ 17.4%	↑ 27.9%	↑ 5.2%
Latin Amer. & Other	↑ 10.2%	↑ 7.3%	↓ 2.0 PP	↓ 5.9%	↓ 8.4%	↑ 1.0%
Latin Amer. & Other*	↑ 10.2%	↑ 7.3%	↓ 2.0 PP	↑ 9.3%	↑ 6.5%	↑ 17.4%
Total	↓ 7.8%	↓ 5.3%	↑ 2.1 PP	↑ 4.9%	↑ 7.8%	↓ 0.6%
Total*	↓ 7.8%	↓ 5.3%	↑ 2.1 PP	↑ 6.2%	↑ 9.1%	↑ 0.5%
					↑ 8.0%	
					↑ 17.4%	
					↑ 9.9%	

* \$26 million favourable adjustment removed from 4th quarter 2007 revenues

2008 Actual vs Prior Year

	ASMs	RPMs	PLF	Yield	RASM	Rev
Canada	↓ 0.2%	↓ 0.4%	↓ 0.2 PP	↑ 3.8%	↑ 3.6%	↑ 3.5%
US Transborder	↓ 7.4%	↓ 7.5%	↓ 0.1 PP	↑ 7.5%	↑ 7.4%	↓ 0.5%
Atlantic	↓ 2.5%	↓ 0.4%	↑ 1.8 PP	↑ 4.6%	↑ 6.9%	↑ 4.3%
Pacific	↓ 4.4%	↓ 2.1%	↑ 2.0 PP	↑ 5.1%	↑ 7.7%	↑ 3.0%
Latin Amer. & Other	↑ 16.4%	↑ 18.2%	↑ 1.2 PP	↑ 2.5%	↑ 4.1%	↑ 21.2%
Total	↓ 1.2%	↓ 0.2%	↑ 0.8 PP	↑ 4.3%	↑ 5.3%	↑ 4.1%

Total Expense ↑ 9.0%

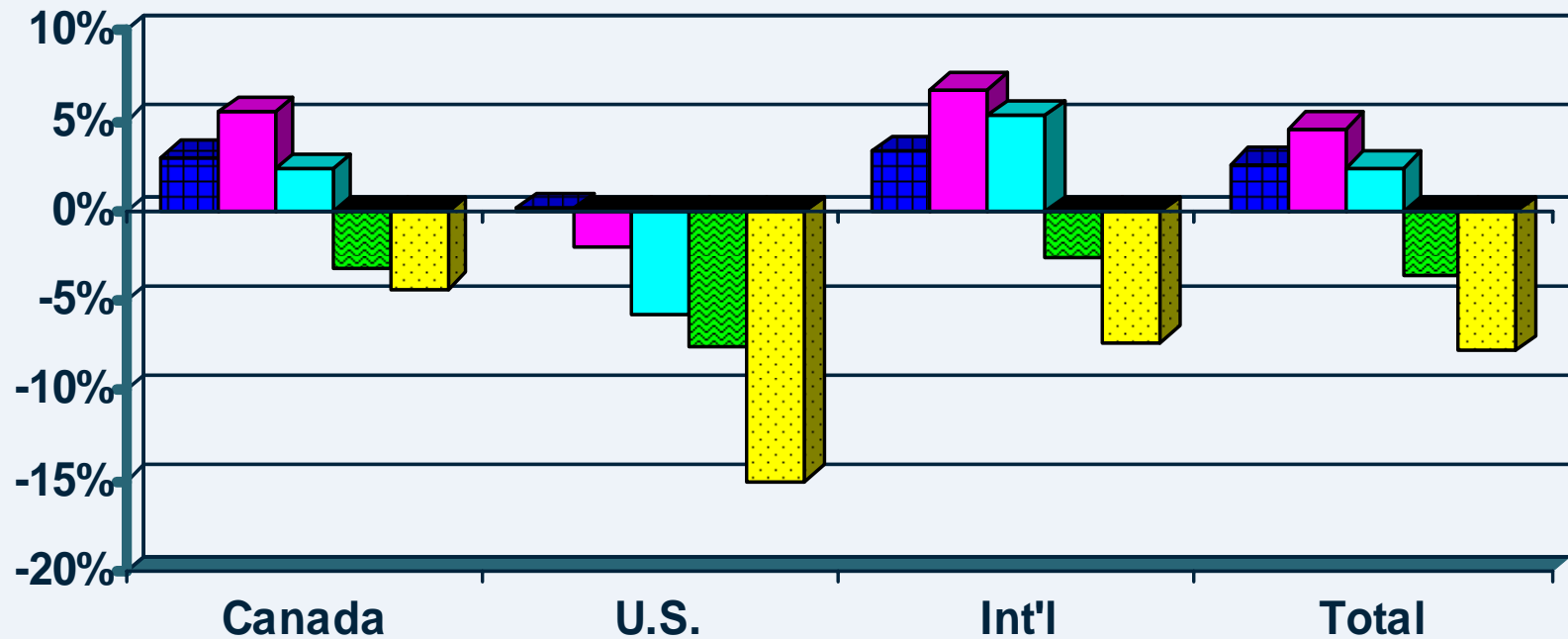
Total CASM ↑ 10.2%

Total CASM excl. Fuel ↑ 1.7%

Capacity Reduction Accelerates

(Y-O-Y Changes in Capacity)

% Change in ASMs

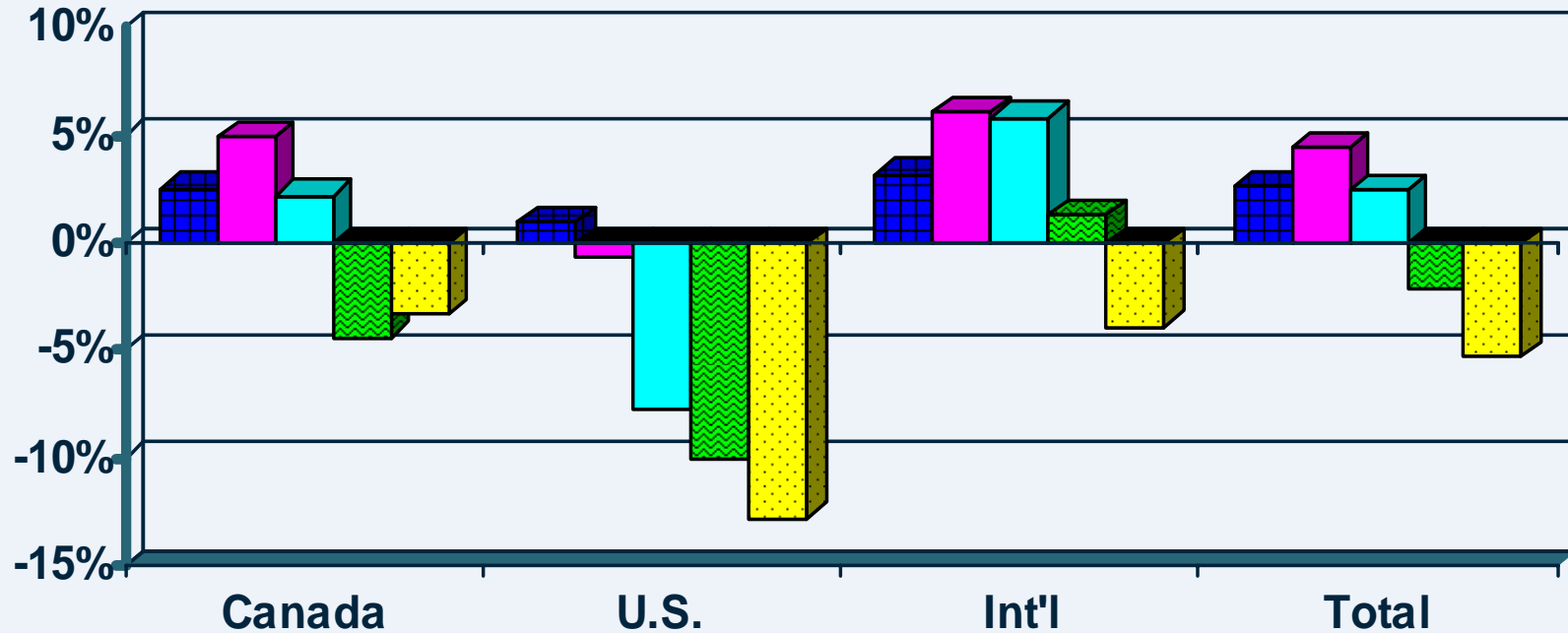


■ Q4 2007/2006 ■ Q1 2008/2007 ■ Q2 2008/2007 ■ Q3 2008/2007 ■ Q4 2008/2007

Traffic Decrease Less Than Capacity Reduction

(Y-O-Y Changes in Traffic)

% Change in RPMs

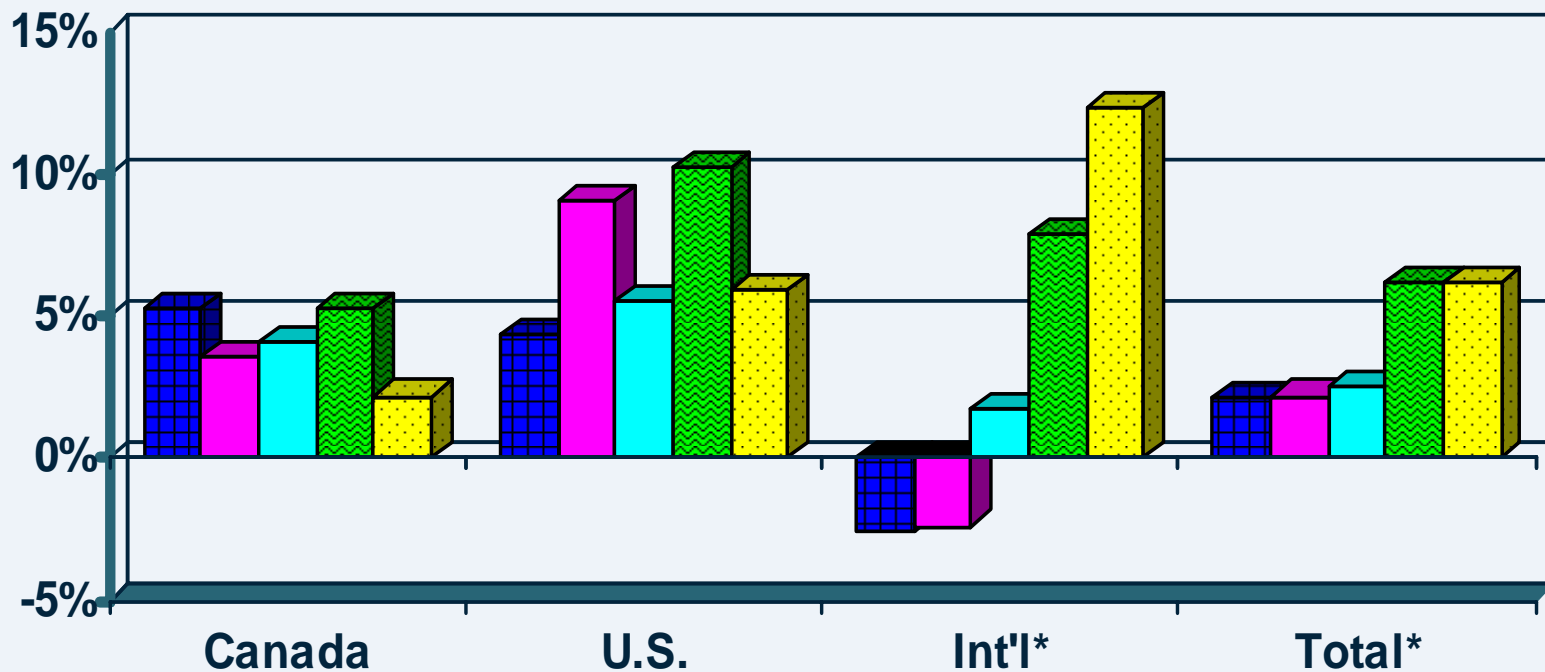


■ Q4 2007/2006 ■ Q1 2008/2007 ■ Q2 2008/2007 ■ Q3 2008/2007 ■ Q4 2008/2007

Yield Continues to Rise on All Services

(Y-O-Y Changes in Passenger Yield)

% Change in Yield



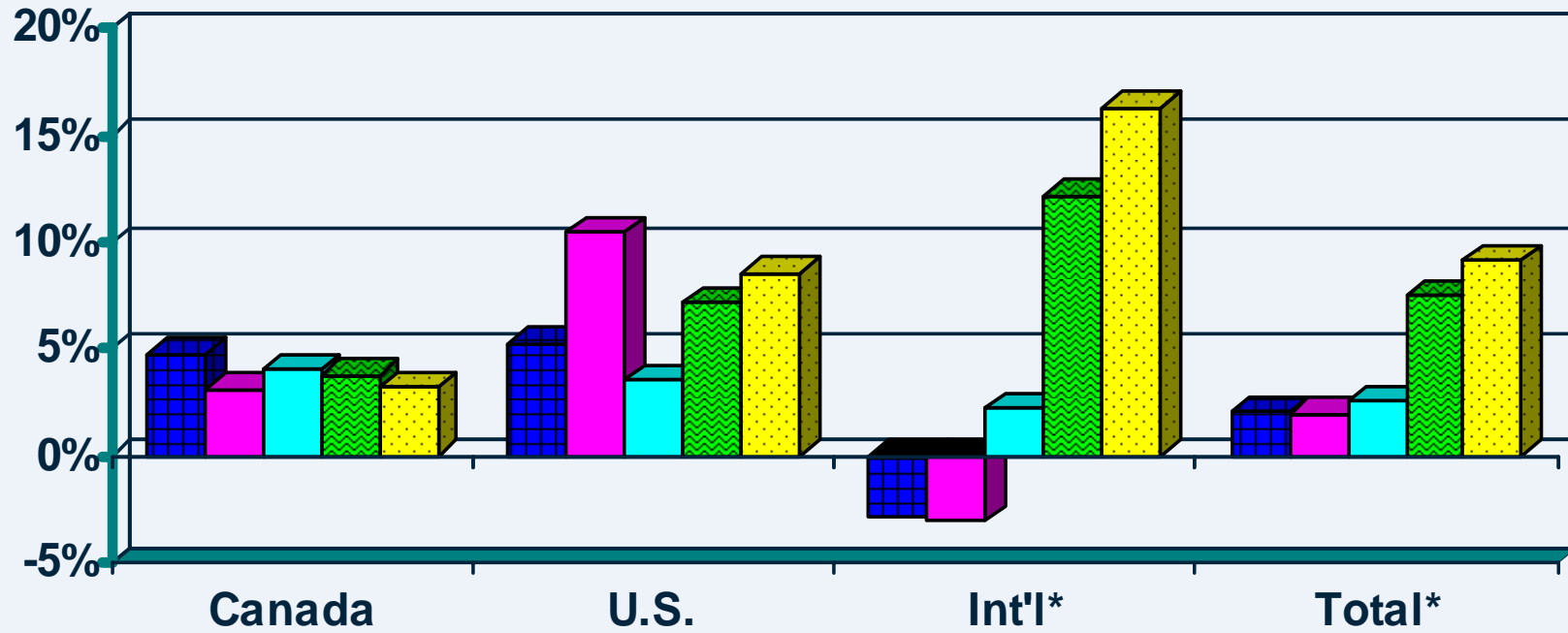
■ Q4 2007/2006 ■ Q1 2008/2007 ■ Q2 2008/2007 ■ Q3 2008/2007 ■ Q4 2008/2007

* \$26 million favourable adjustment removed from 4th quarter 2007 revenues

Very Strong RASM Performance on All Services

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

% Change in RASM



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

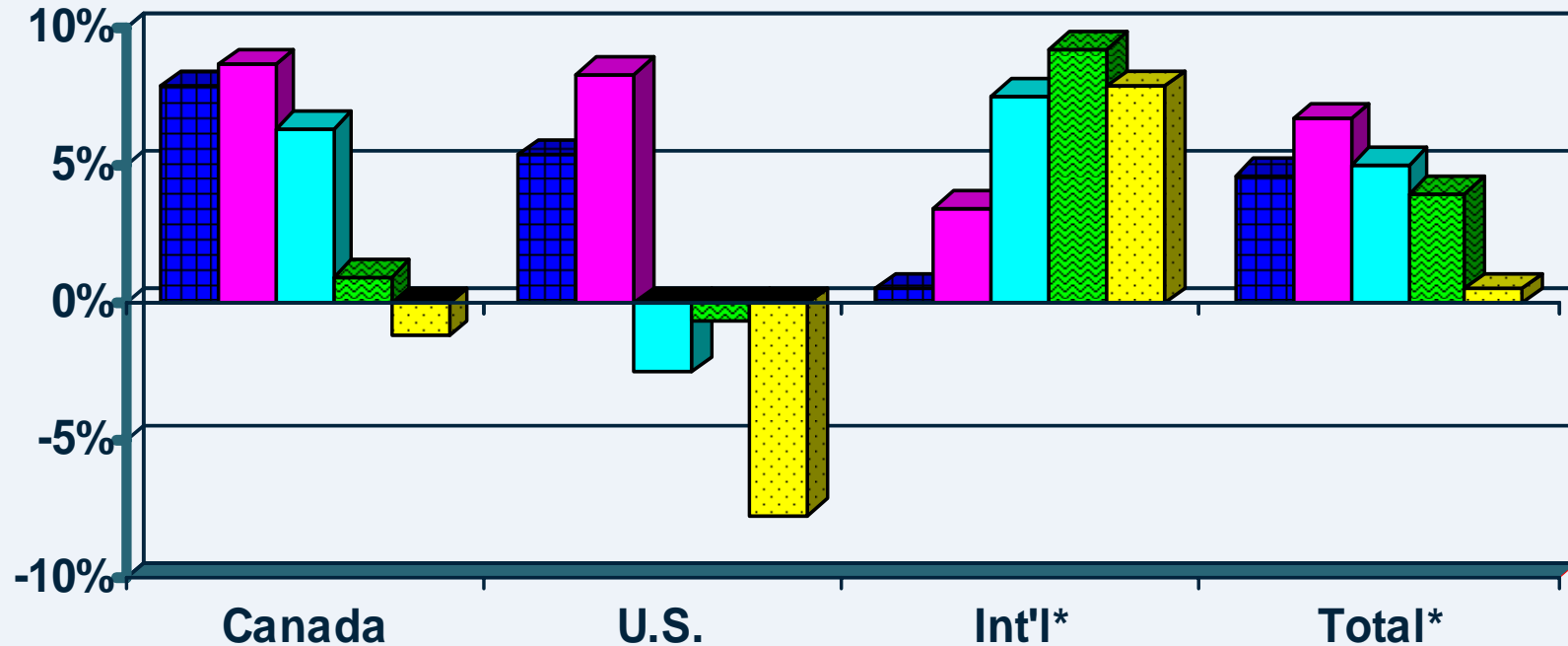
* \$26 million favourable adjustment removed from 4th quarter 2007 revenues

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Solid International Revenue Performance – Domestic and U.S. Revenues Contract

(Y-O-Y Changes in Passenger Revenue)

% Change in Revenue

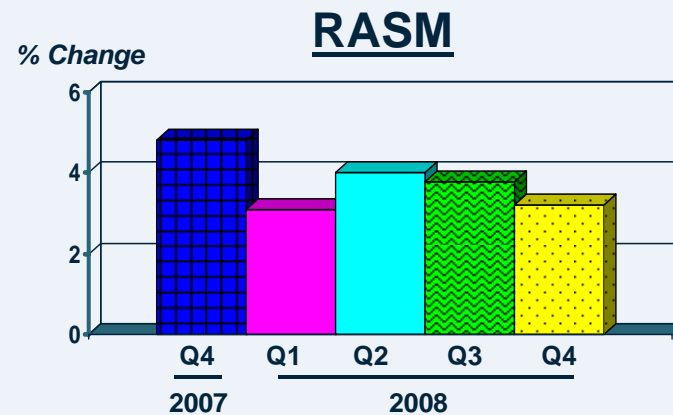
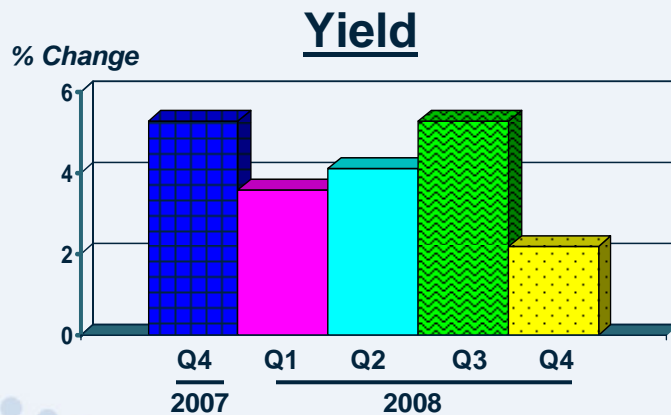
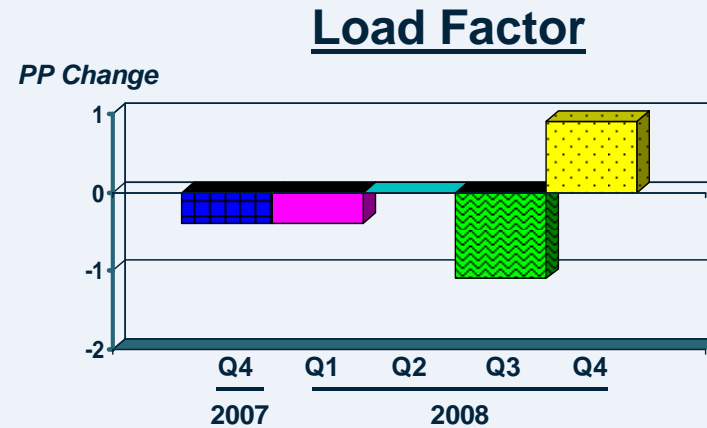
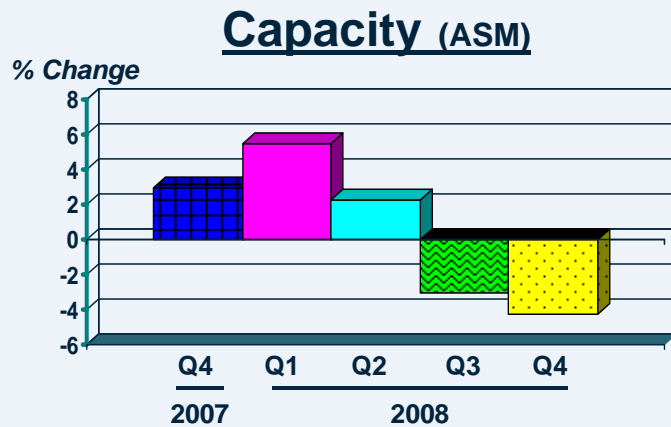


■ Q4 2007/2006
 ■ Q1 2008/2007
 ■ Q2 2008/2007
 ■ Q3 2008/2007
 ■ Q4 2008/2007

* \$26 million favourable adjustment removed from 4th quarter 2007 revenues

Canada – Q4 RASM Increases 3.2% on Higher Yield & Load Factor

Y-O-Y Change

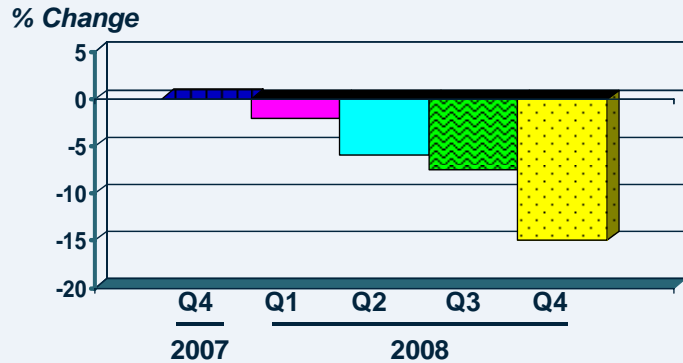


US Transborder –

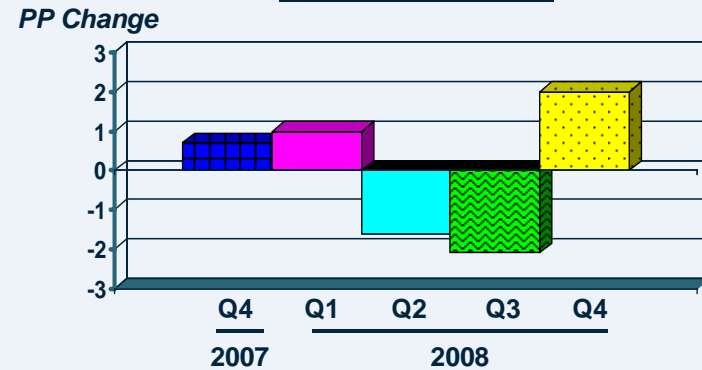
RASM Improves 8.6% on Higher Yield & Load Factor

Y-O-Y Change

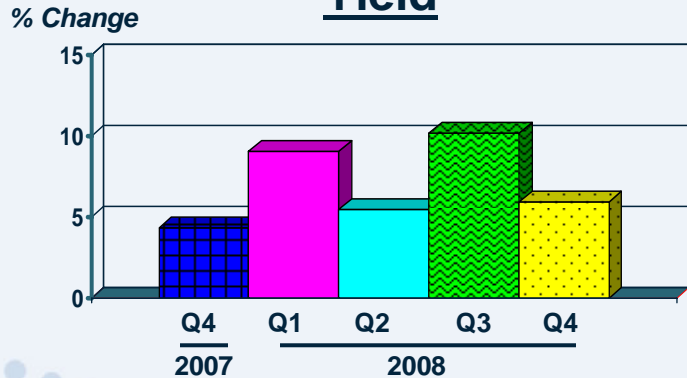
Capacity (ASM)



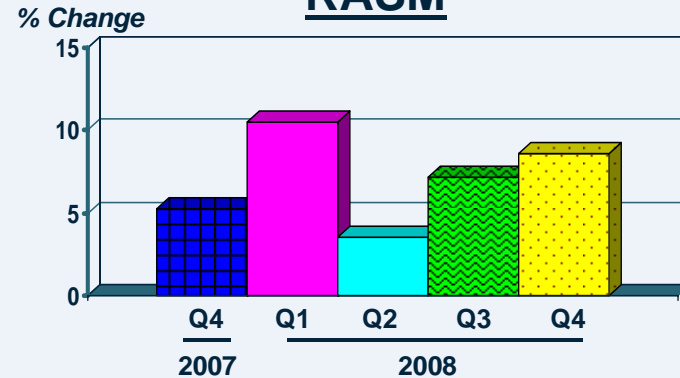
Load Factor



Yield



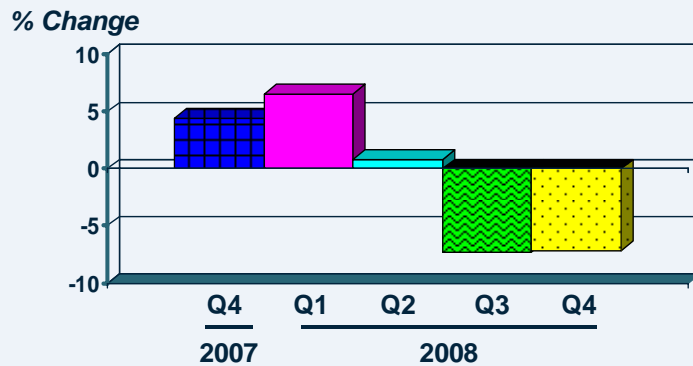
RASM



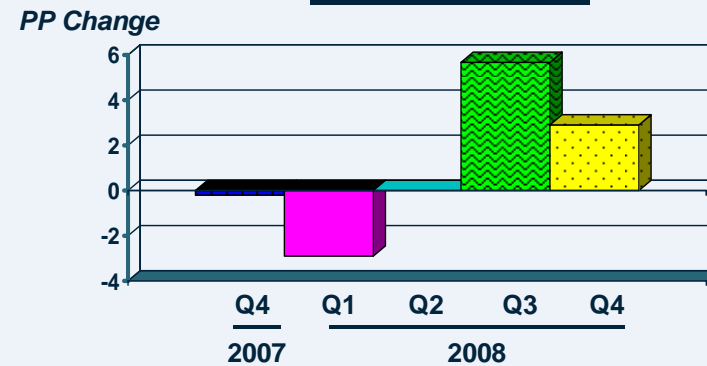
Atlantic – Tight Capacity Improves LF and Yield – RASM Up 13.5%

Y-O-Y Change

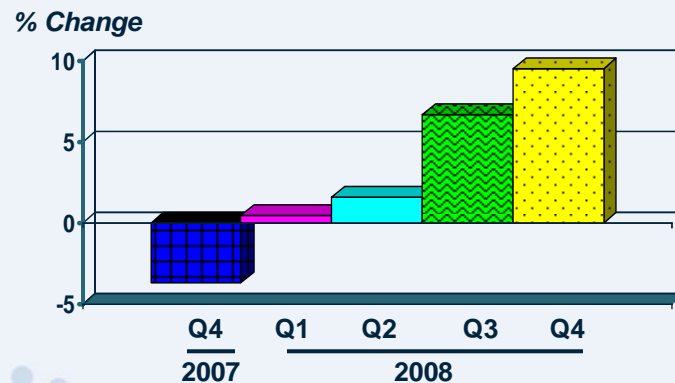
Capacity (ASM)



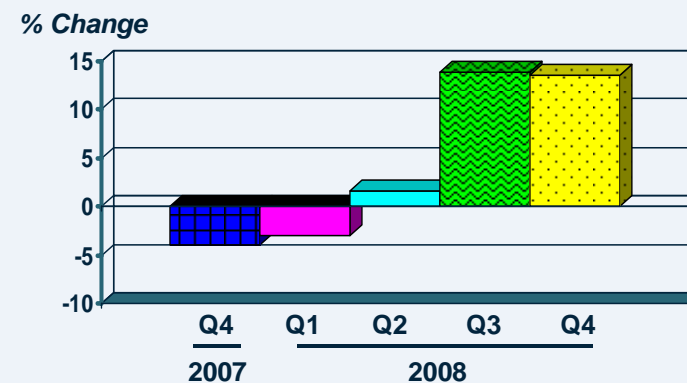
Load Factor



Yield



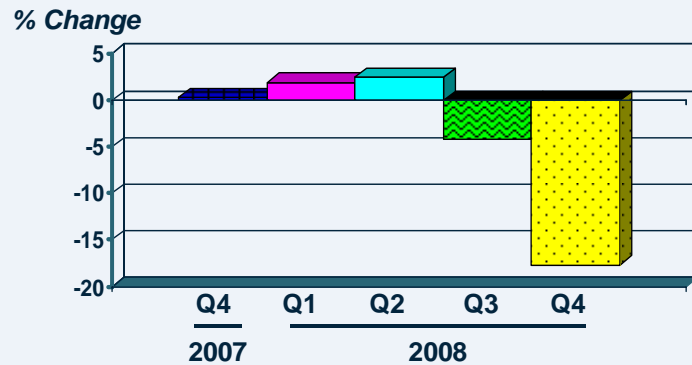
RASM



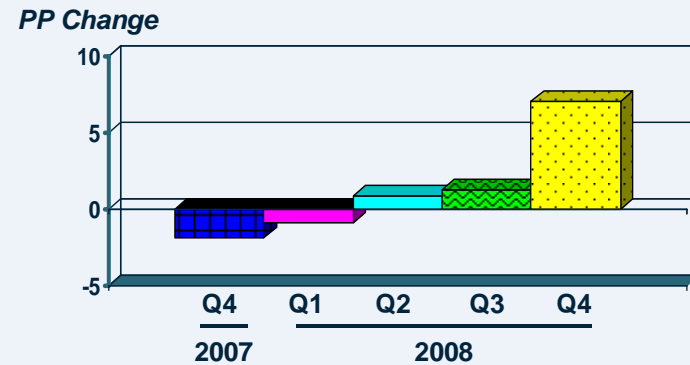
Pacific – RASM Soars 27.9% on Strong Yield & LF as Capacity Cut

Y-O-Y Change

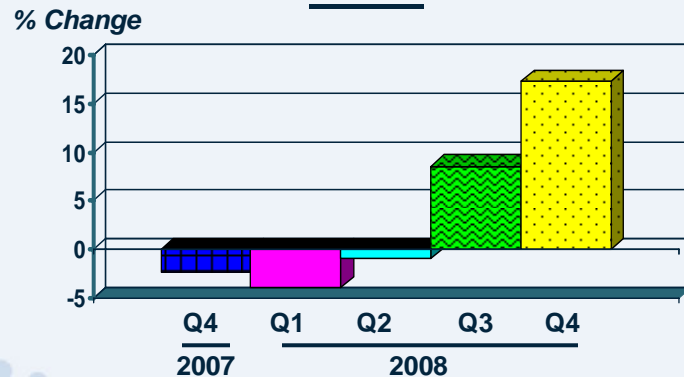
Capacity (ASM)



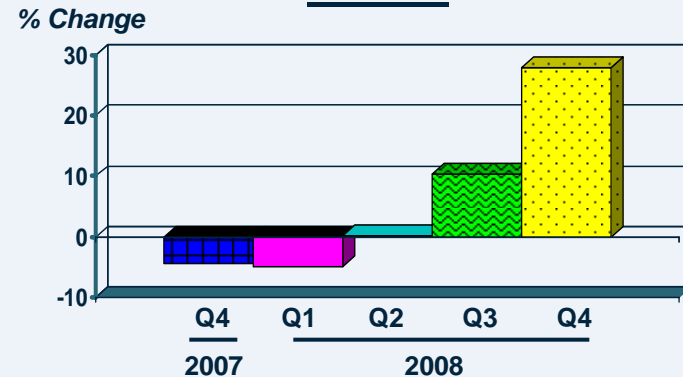
Load Factor



Yield



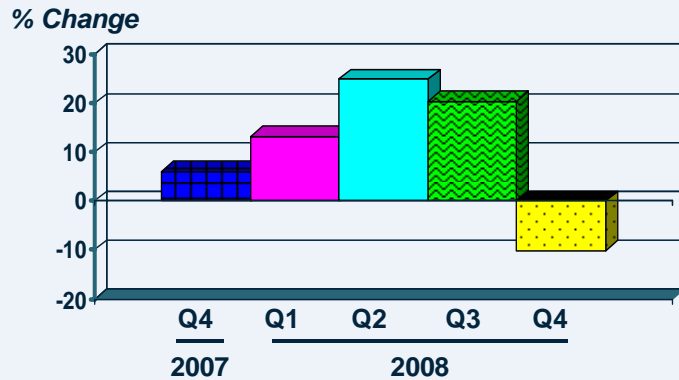
RASM



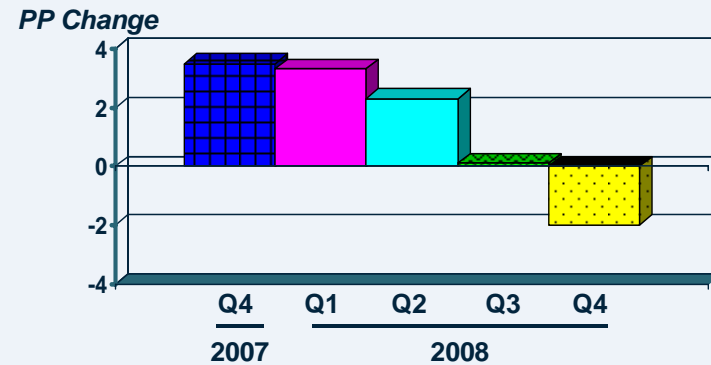
Caribbean, Latin America & Australia – RASM Up 6.5% on Strong Yield

Y-O-Y Change

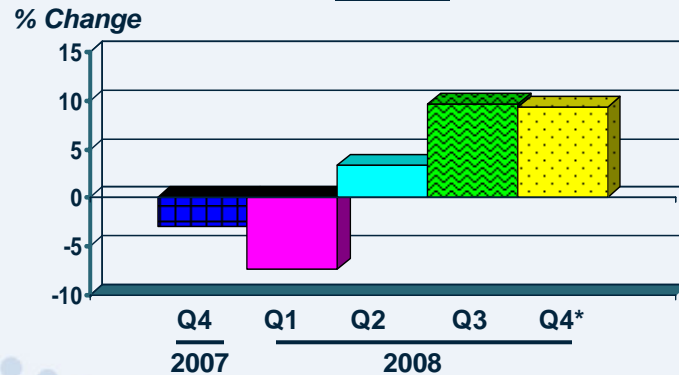
Capacity (ASM)



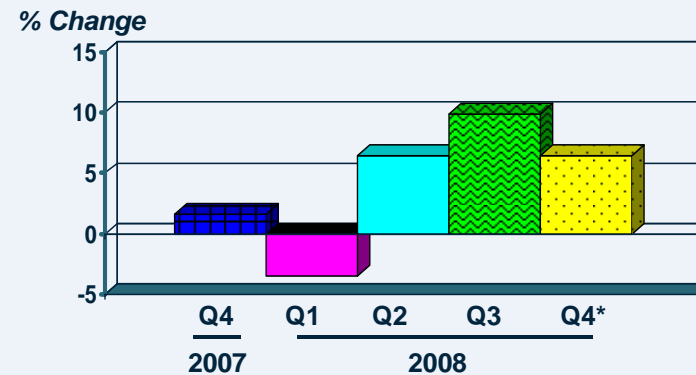
Load Factor



Yield



RASM

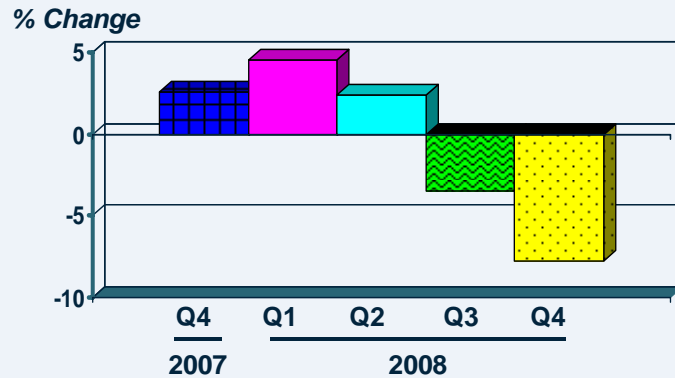


*\$26 million favourable adjustment removed from 4th quarter 2007 revenues

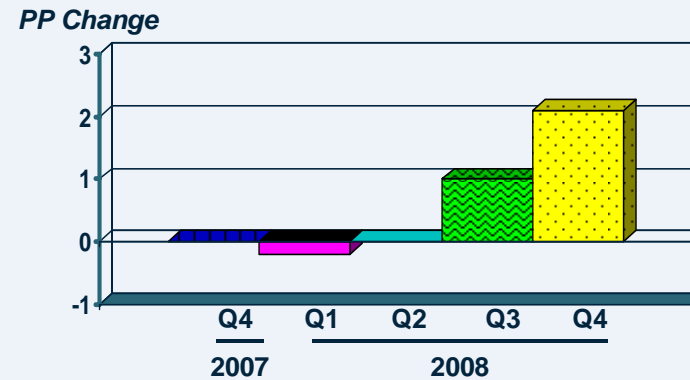
Total – Sys. RASM Lifts 9.1% Mostly on Higher Yield – Total CASM Incr. 17.4% – Ex. Fuel CASM Up 9.9%

Y-O-Y Change

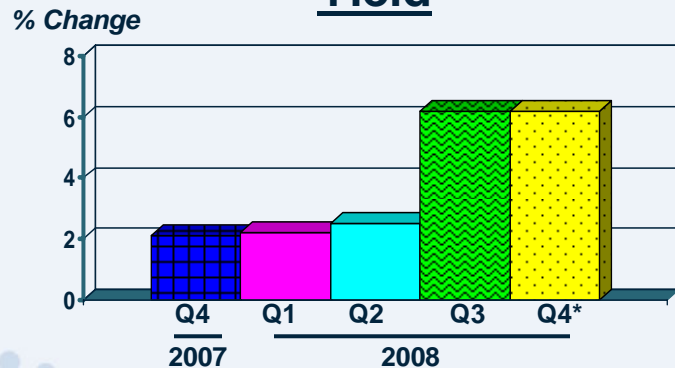
Capacity (ASM)



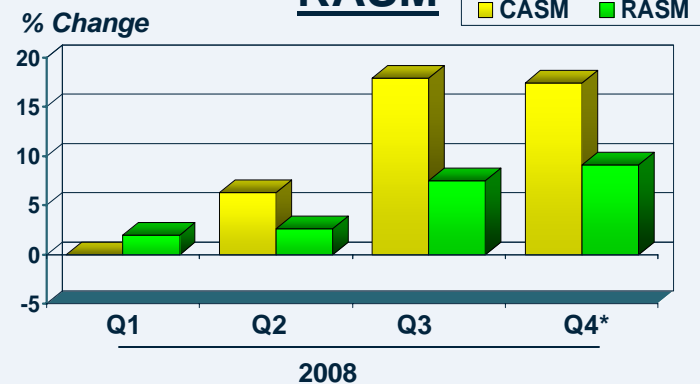
Load Factor



Yield



RASM

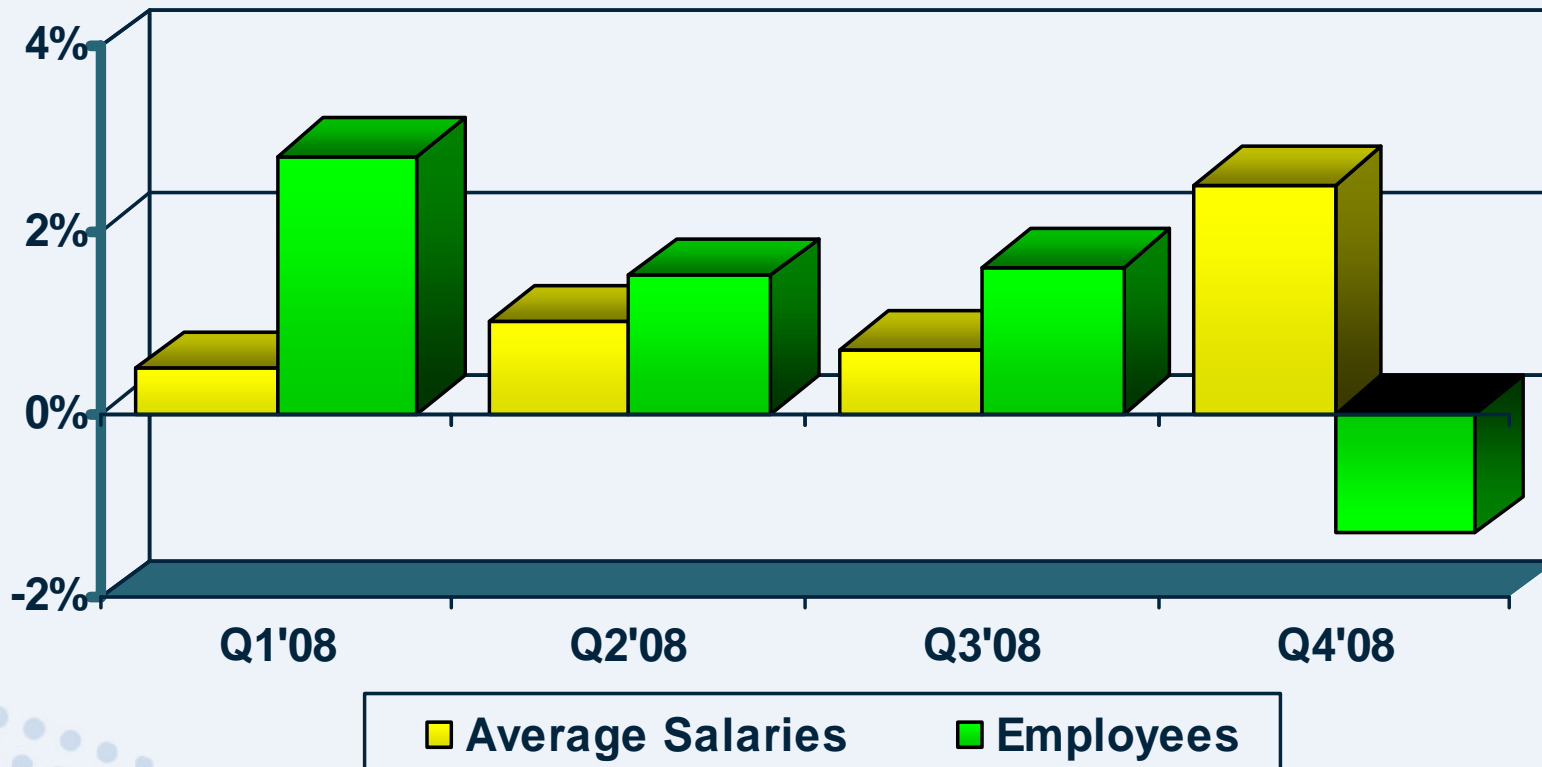


*\$26 million favourable adjustment removed from 4th quarter 2007 revenues

Average Salary Up 2.5%; Employee Levels Down 319 or 1.3%

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

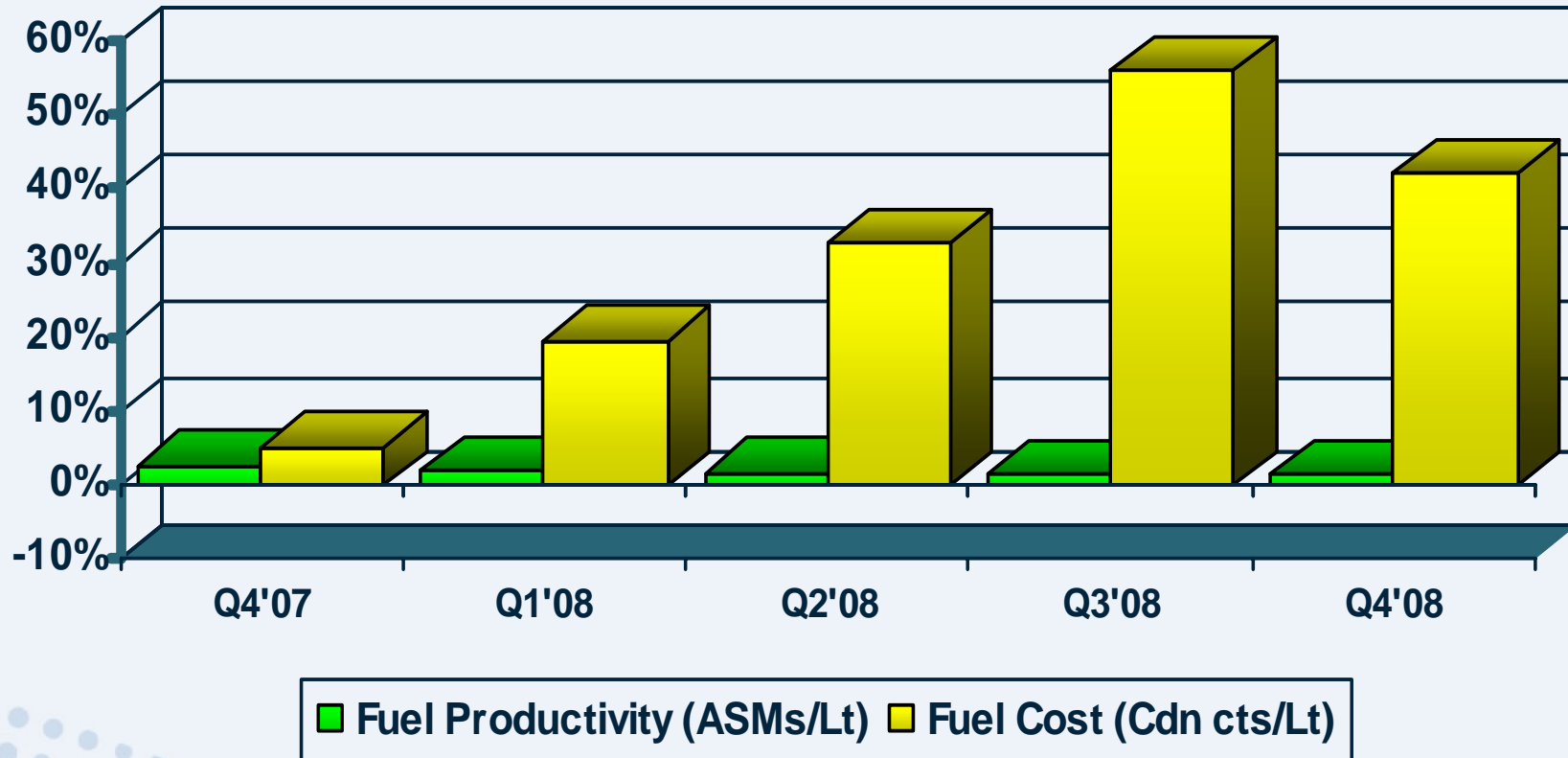
% Change Y-O-Y



Cost/Litre Up 42% While Fuel Productivity Improves 1.6% Reflecting the New 777's and the Removal of One Freighter

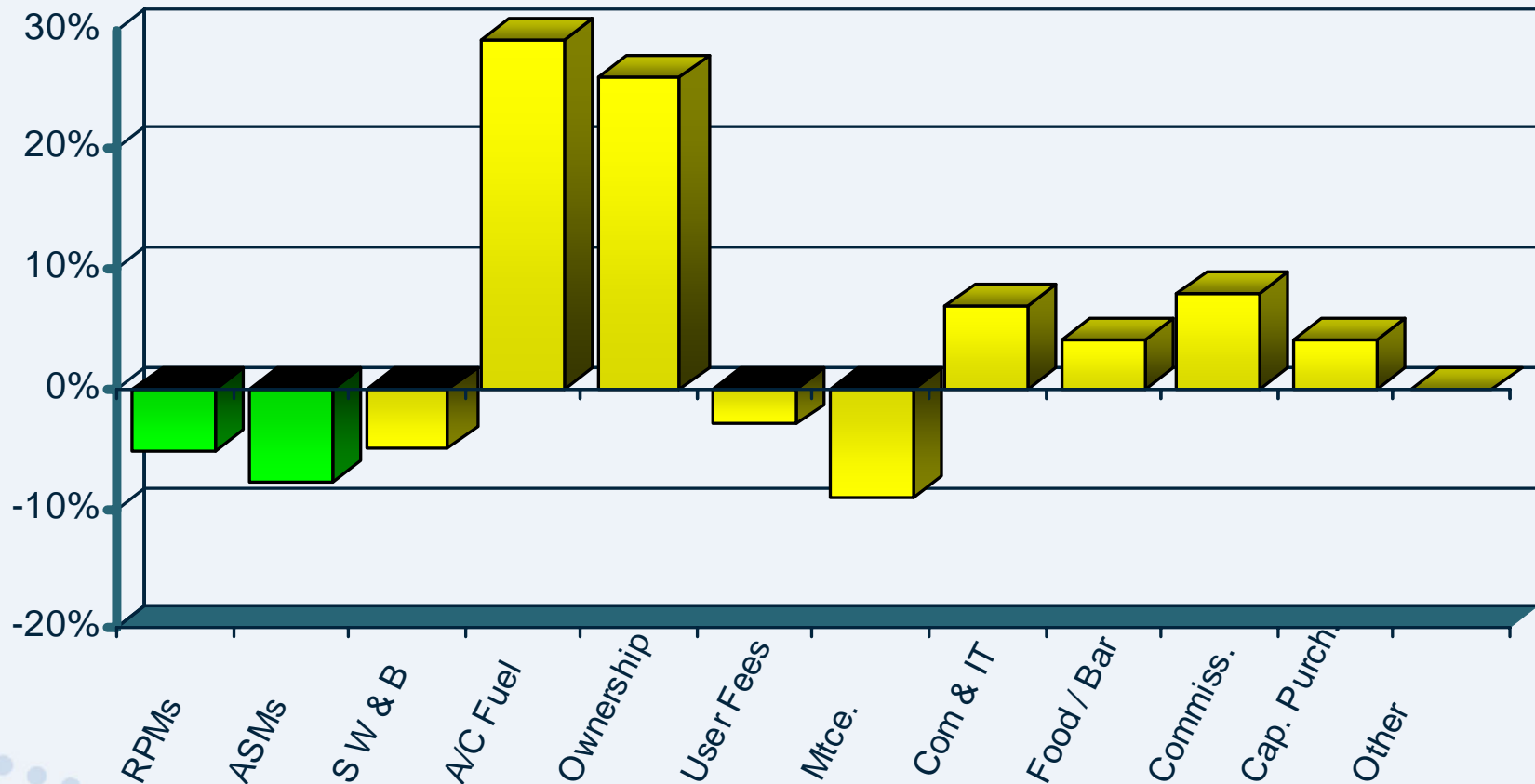
(Fuel Productivity & Unit Cost)

% Change Y-O-Y



"Other" Cat. Flat on Higher ACV Gr. Pkg. Costs, Terminal Handling Offset by Decreases in Many Categories

% Change Y-O-Y



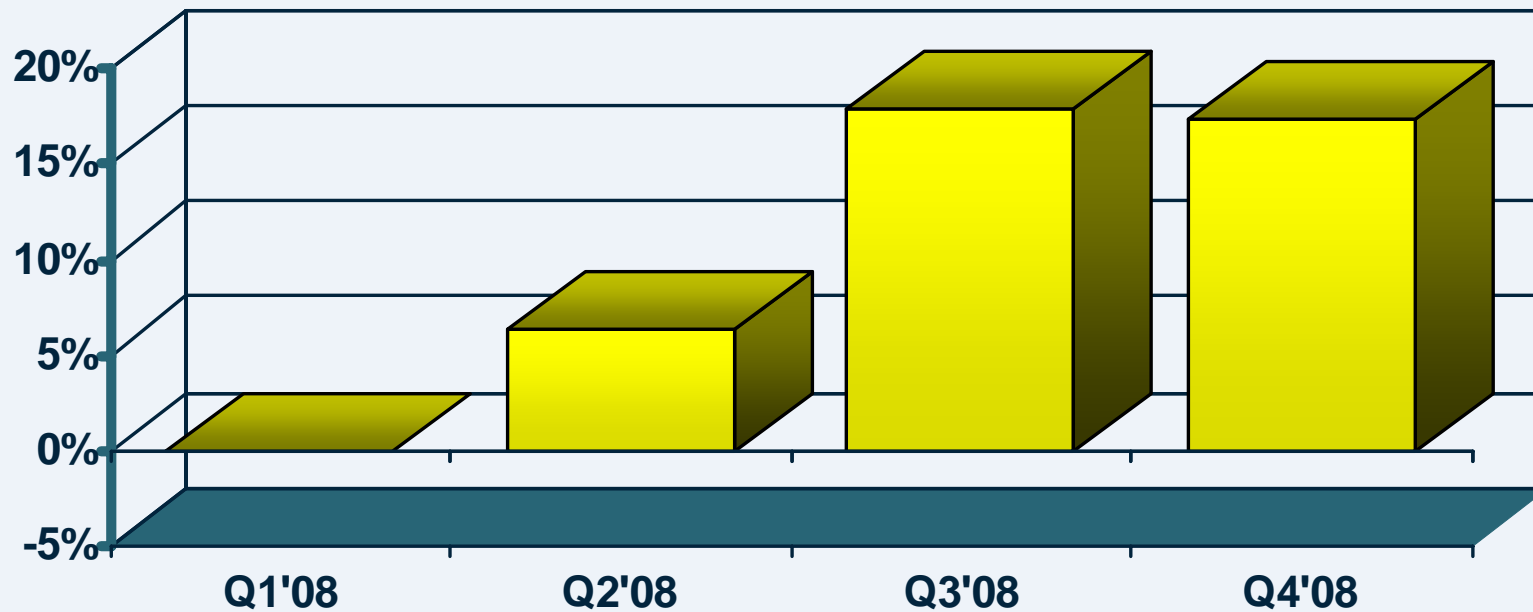
Q4 2008/2007

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Unit Cost Up 17.4% Due to Soaring Fuel Costs – Ex Fuel Unit Cost Up 9.9% on FX, Ownership Cost Increases and Fixed Costs Spread Over Fewer ASMs

(Cost Per ASM)

% Change Y-O-Y



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