

# **Third Quarter 2009**

## **Financial Results**

**November 6, 2009**

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## Financial Highlights – Results of Operations

<i>(millions)</i>	Q3 2009	Q3 2008	Change
<b>Operating Revenue</b>	\$ 2,670	\$ 3,075	\$ (405)
<b>Operating Income</b>	\$ 68	\$ 112	\$ (44)
<b>EBITDAR</b>	\$ 320	\$ 355	\$ (35)
<b>Net Income (loss)</b>	\$ 277	\$ (132)	\$ 409
<b>Operating Margin</b>	2.5%	3.6%	(1.1) PP
<b>EBITDAR Margin</b>	12.0%	11.5%	0.4 PP
<b>RASM (cents)</b>	14.1	15.7	(10.2)%
<b>CASM (cents)</b>	15.4	16.9	(9.2)%
<b>CASM excl. Fuel (cents)</b>	11.3	10.8	4.5%

## Financial Highlights – Financial Position and Cash Flow

<i>(millions)</i>	Q3 2009	Q3 2008	Change
<b>Cash Flow used for Operations</b>	\$ (234)	\$ (268)	\$ 34
<b>Additions to Capital Assets</b>	\$ (34)	\$ (105)	\$ 71
<b>Free Cash Flow</b>	\$ (268)	\$ (373)	\$ 105
<b>Cash, Cash Equivalents &amp; Short-term Investments</b>	\$ 1,209	\$1,114	\$ 95
<b>Adjusted debt/equity ratio %</b>	84.7%	72.0%	12.7 pp

## Q3 Non-Operating Expense

<i>(millions)</i>	Q3 2009	Q3 2008	Change
Net Interest Expense	\$ (84)	\$ (53)	\$ (31)
Gain on Assets	\$ 1	\$ -	\$ 1
Gain (Loss) on Fin. Instruments	\$ 4	\$ (93)	\$ 97
Other	\$ (4)	\$ (1)	\$ (3)
<b>Total Non-Oper. Expense</b>	<b>\$ (83)</b>	<b>\$(147)</b>	<b>\$ 64</b>

# Q3 2009

## Actual vs Prior Year

	Rev	ASMs	RPMs	PLF	Yield	RASM
Canada	↓ 13.3%	↓ 1.5%	↑ 0.7%	↑ 1.8 PP	↓ 13.6%	↓ 11.7%
US Transborder	↓ 13.1%	↓ 8.8%	↓ 8.0%	↑ 0.7 PP	↓ 5.4%	↓ 4.6%
Atlantic	↓ 6.7%	↑ 6.8%	↑ 5.9%	↓ 0.8 PP	↓ 11.8%	↓ 12.6%
Pacific	↓ 21.9%	↓ 14.8%	↓ 12.6%	↑ 2.1 PP	↓ 10.6%	↓ 8.4%
Latin Amer. & Other	↓ 20.1%	↓ 7.2%	↓ 7.6%	↓ 0.4 PP	↓ 13.5%	↓ 13.9%
<b>Total</b>	<b>↓ 13.2%</b>	<b>↓ 3.3%</b>	<b>↓ 2.1 %</b>	<b>↑ 1.0 PP</b>	<b>↓ 11.2%</b>	<b>↓ 10.2%</b>

**Total Oper. Expense** ↓ 12.2%

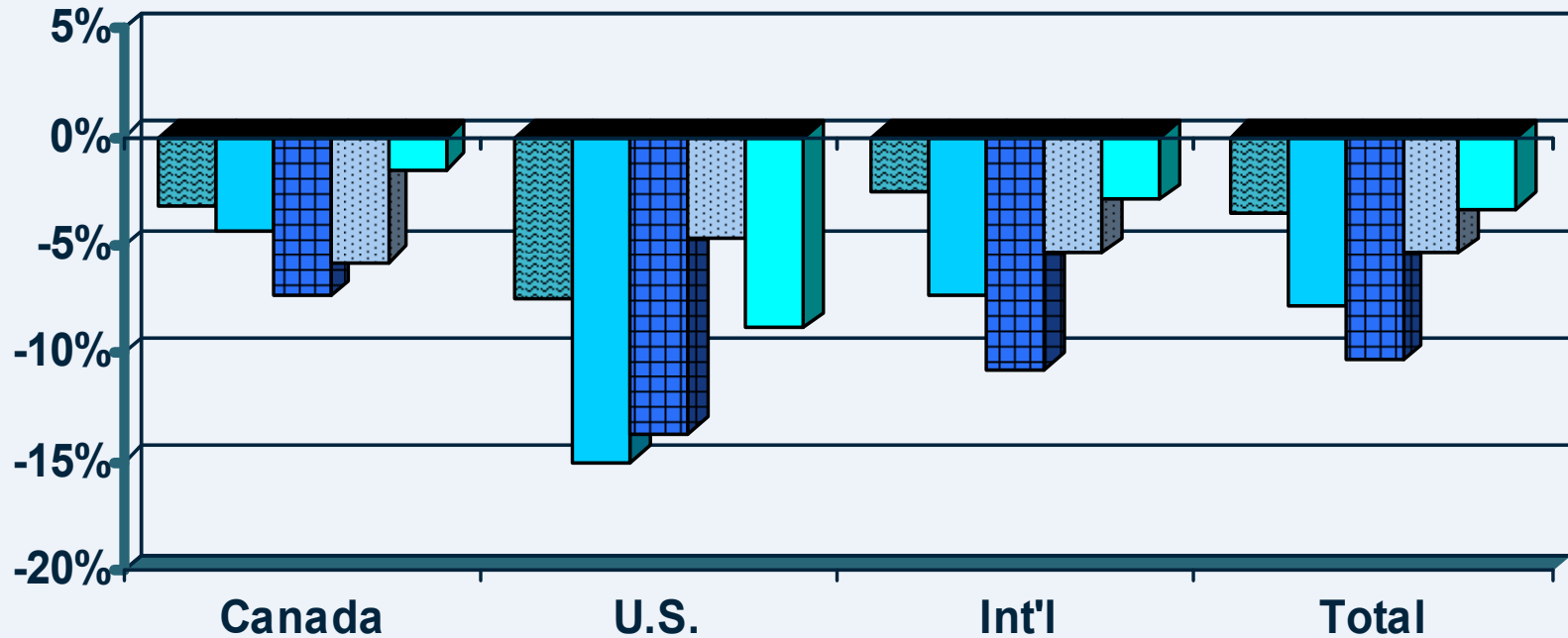
**Total CASM** ↓ 9.2%

**Total CASM excl. Fuel** ↑ 4.5 %

# System Capacity Reduced by 3.3% to Adjust to Passenger Demand

(Y-O-Y Changes in Capacity)

% Change in ASMs

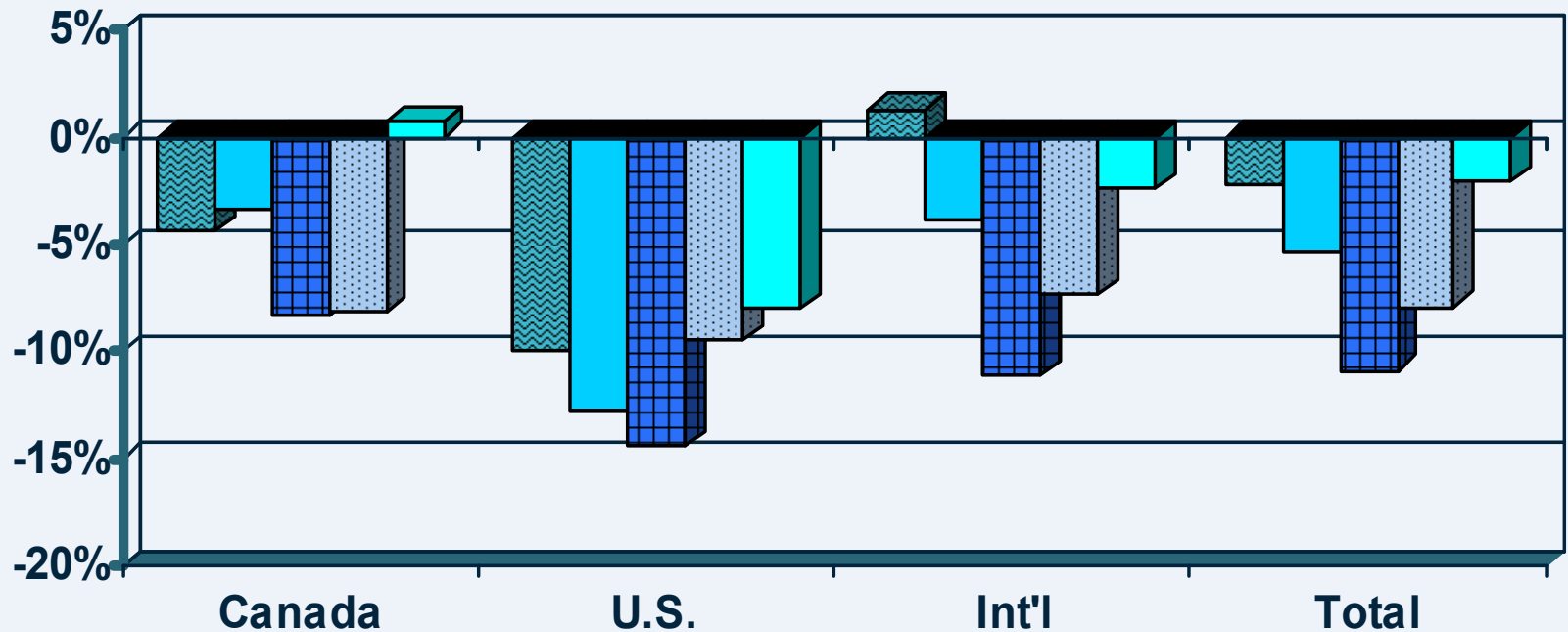


■ Q3 2008/2007 ■ Q4 2008/2007 ■ Q1 2009/2008 ■ Q2 2009/2008 ■ Q3 2009/2008

# Traffic Shortfall of 2.1% Was Less Than the Capacity Reduction

(Y-O-Y Changes in Traffic)

% Change in RPMs



■ Q3 2008/2007 ■ Q4 2008/2007 ■ Q1 2009/2008 ■ Q2 2009/2008 ■ Q3 2009/2008



# Weaker Economy Put Pressure on Yield – Down 11.2%

(Y-O-Y Changes in Passenger Yield)

*% Change in Yield*

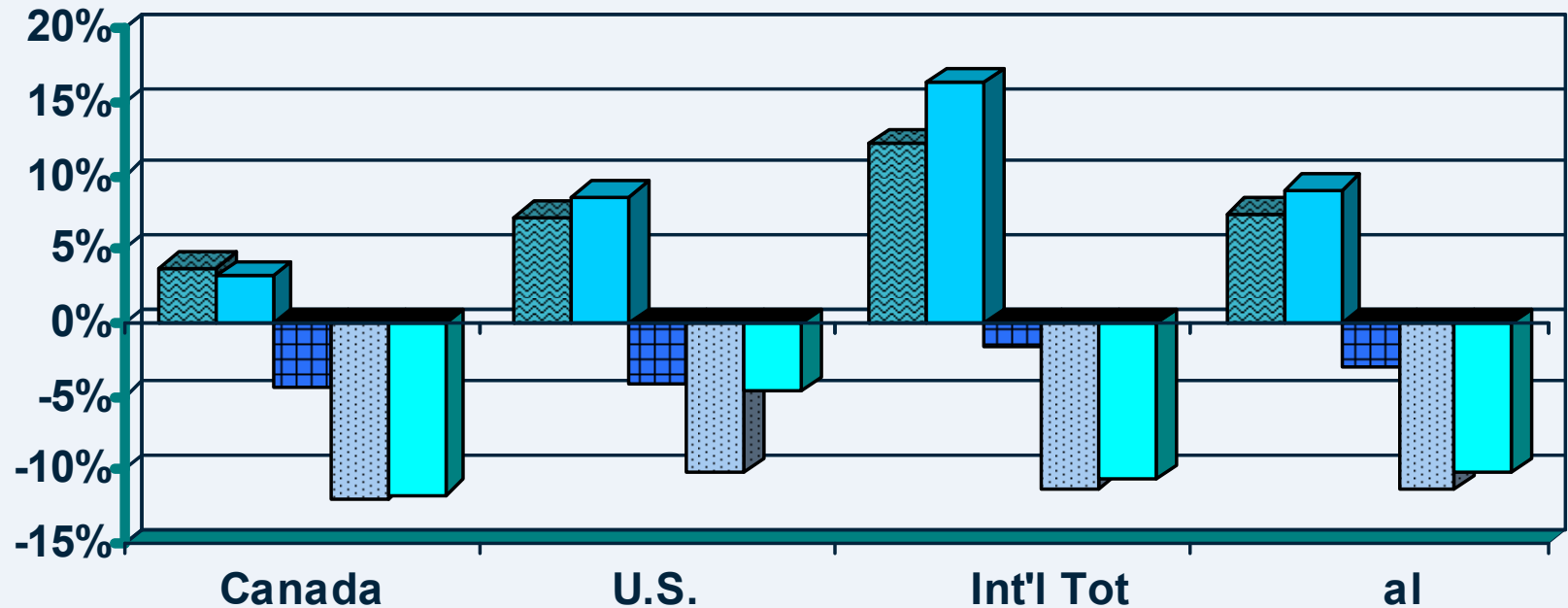


Q3 2008/2007   Q4 2008/2007   Q1 2009/2008   Q2 2009/2008   Q3 2009/2008

# System RASM Declined 10.2% Due to Lower Yield as Load Factor Up 1.0 PP

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

*% Change in RASM*

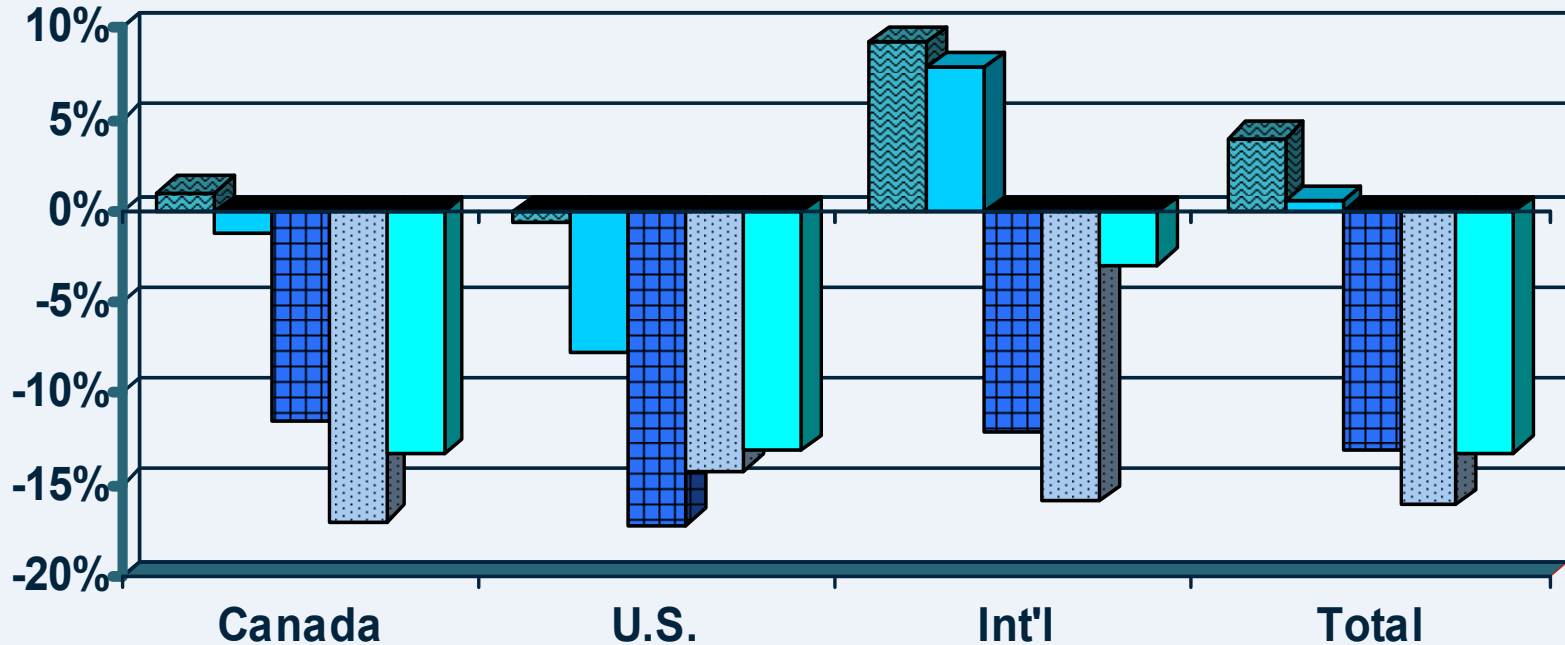


Q3 2008/2007
  Q4 2008/2007
  Q1 2009/2008
  Q2 2009/2008
  Q3 2009/2008

# Reduced Traffic & Lower Avg. Fares Resulted in Lower Revenues – Weakness in Premium Cabin

(Y-O-Y Changes in Passenger Revenue)

% Change in Revenue

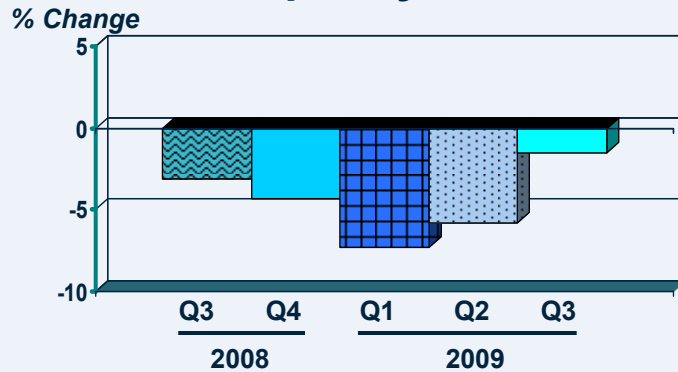


# Canada –

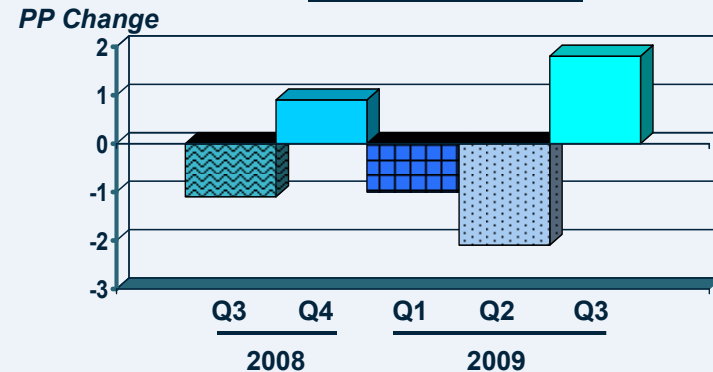
## Q3 RASM Decr. 11.7% Due to Lower Yield as LF Up 1.8 PP

### Y-O-Y Change

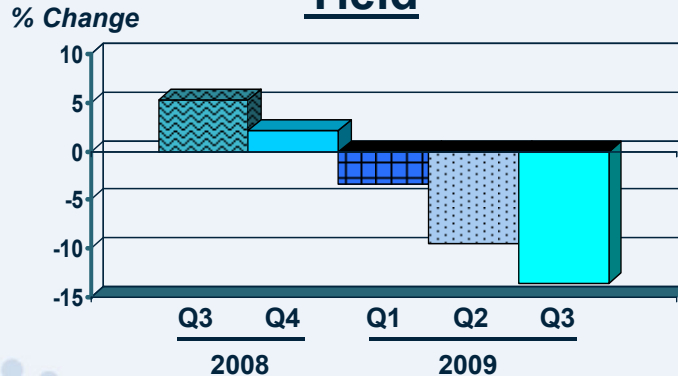
#### Capacity (ASM)



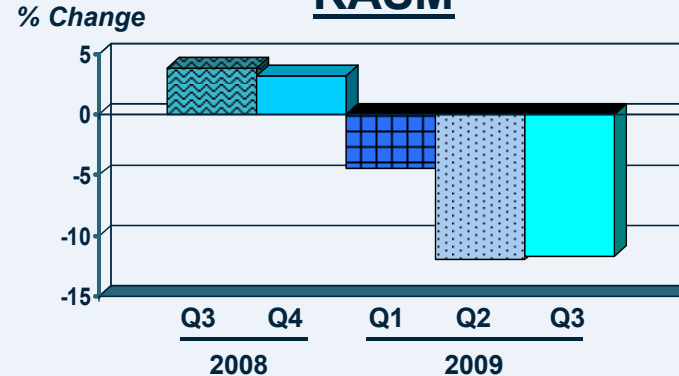
#### Load Factor



#### Yield



#### RASM

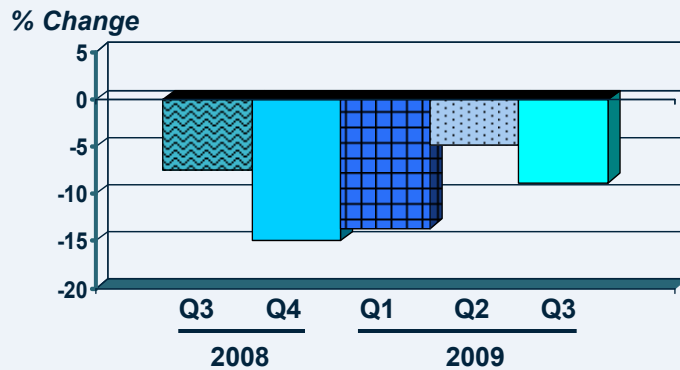


# US Transborder –

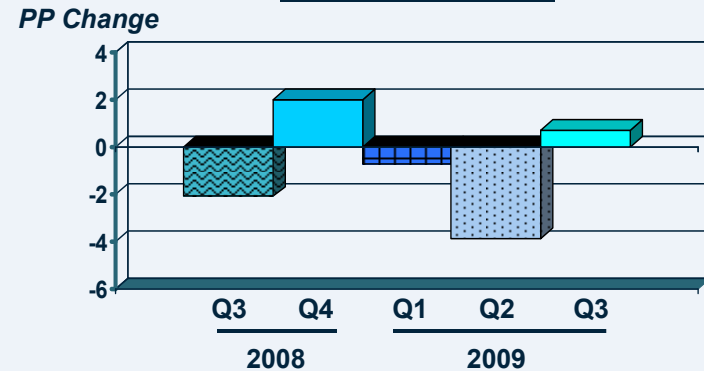
## Q3 RASM Decreased 4.6% on Lower Yield as LF Up 0.7 PP

### Y-O-Y Change

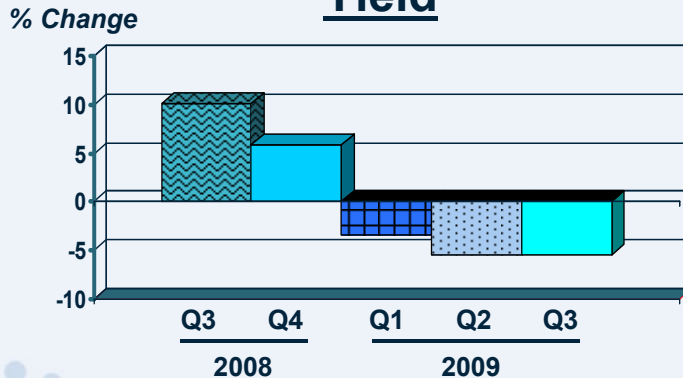
#### Capacity (ASM)



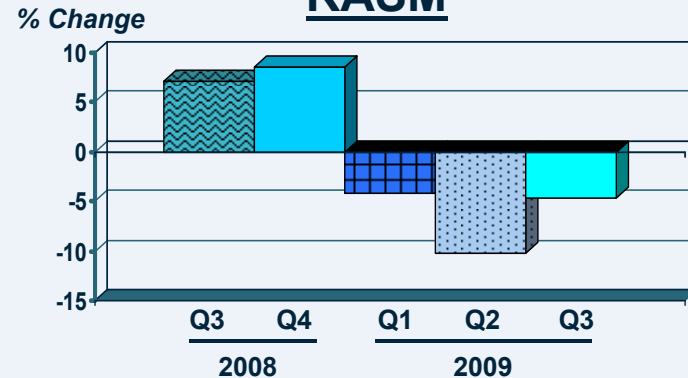
#### Load Factor



#### Yield



#### RASM



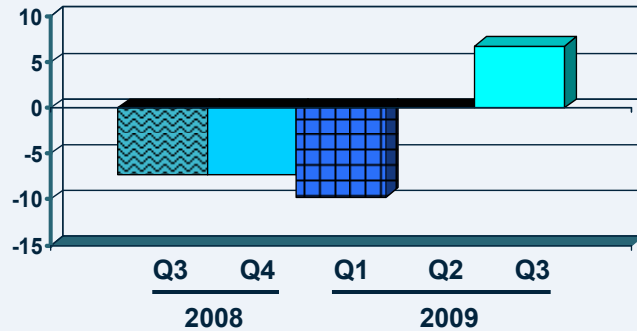
# Atlantic –

## RASM Decreased 12.6% Largely Due to Lower Yield

### Y-O-Y Change

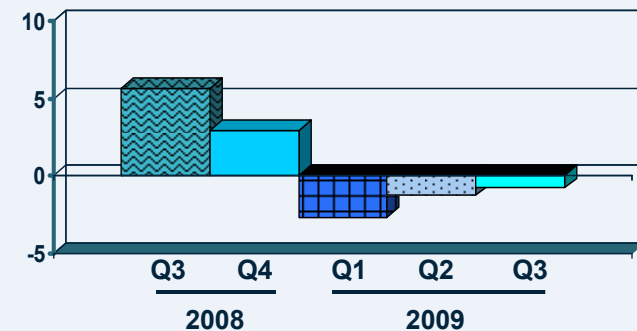
#### Capacity (ASM)

% Change



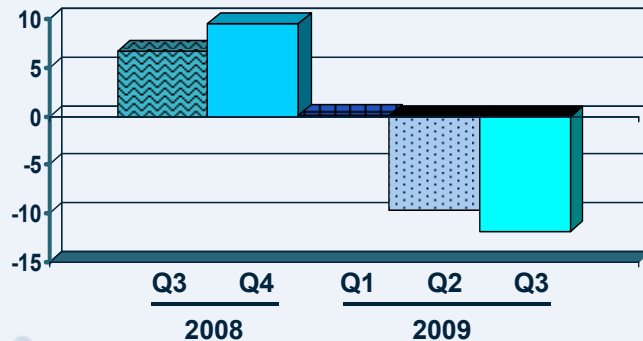
#### Load Factor

PP Change



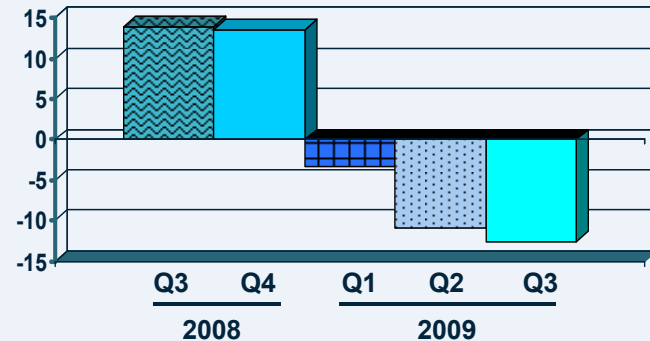
#### Yield

% Change



#### RASM

% Change

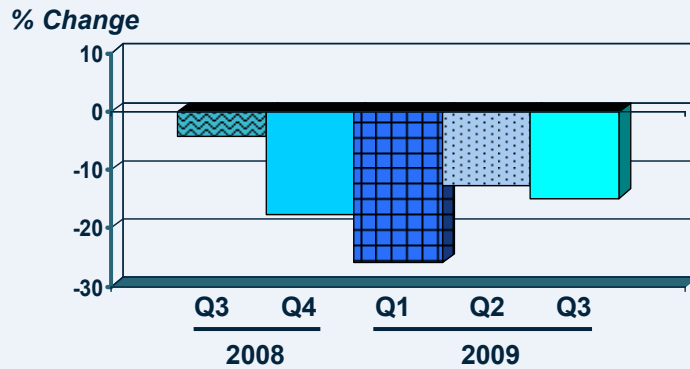


# Pacific –

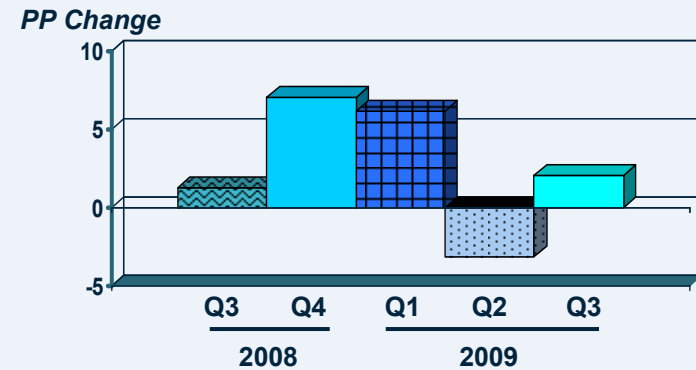
## RASM Decreased 8.4% on Lower Yield as LF Up 2.1 PP

### Y-O-Y Change

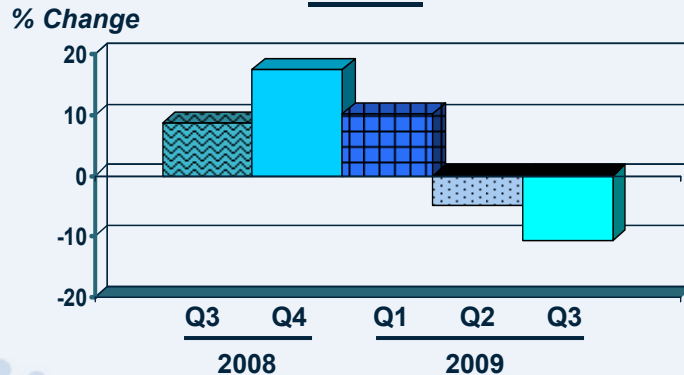
#### Capacity (ASM)



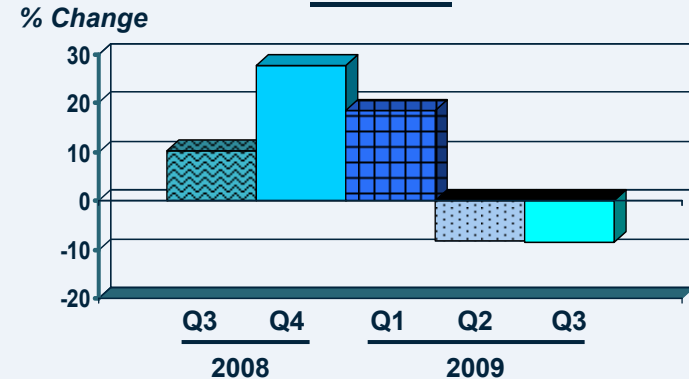
#### Load Factor



#### Yield



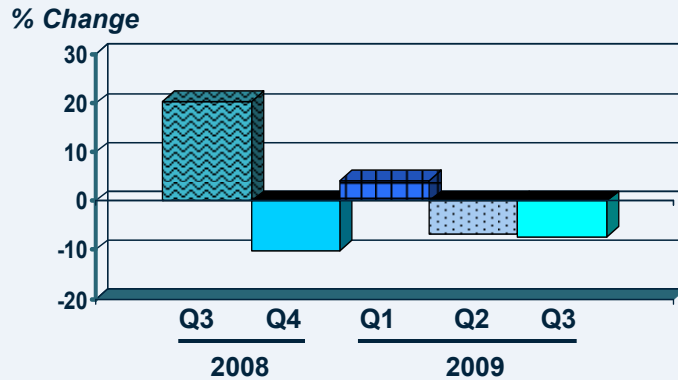
#### RASM



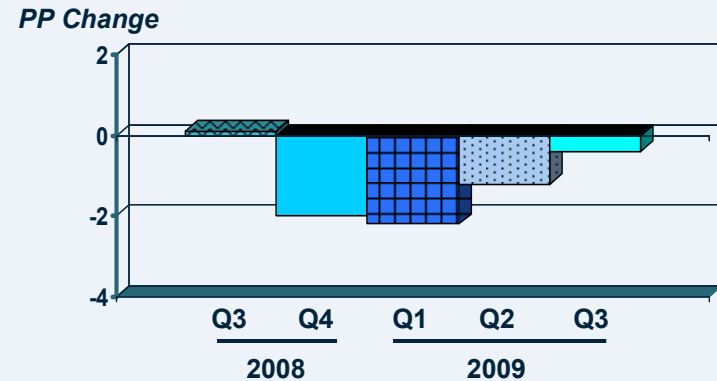
# Caribbean, Latin America & Australia – RASM Down 13.9% Due Primarily to Lower Yield

## Y-O-Y Change

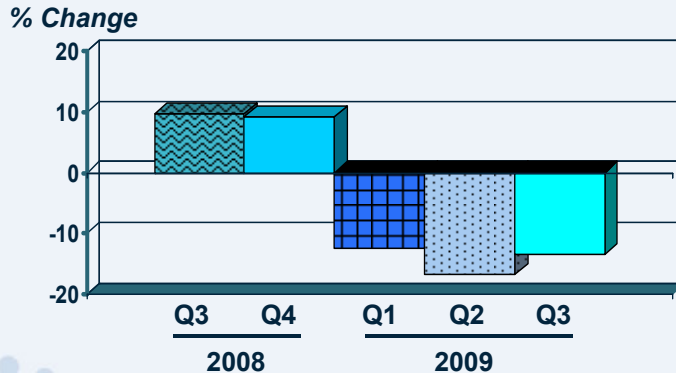
### Capacity (ASM)



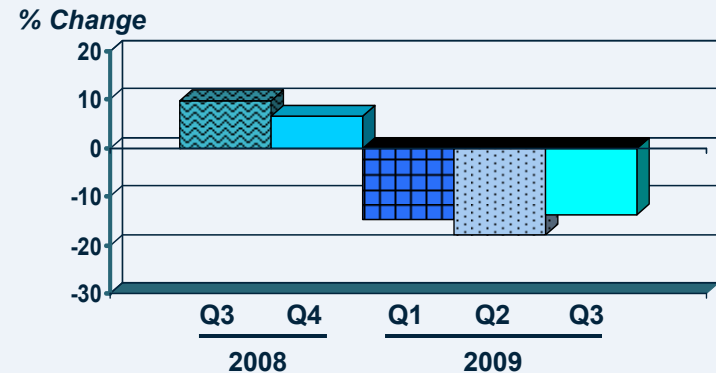
### Load Factor



### Yield



### RASM

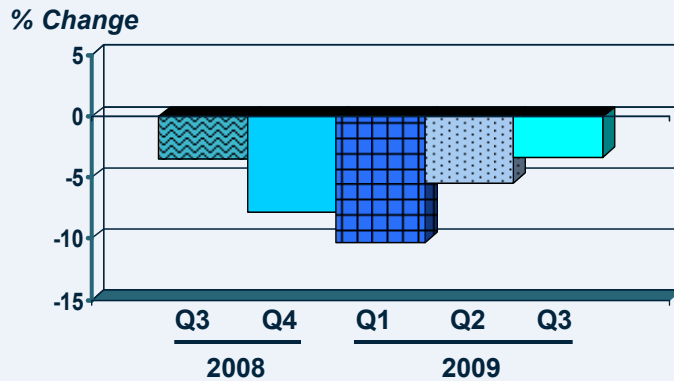




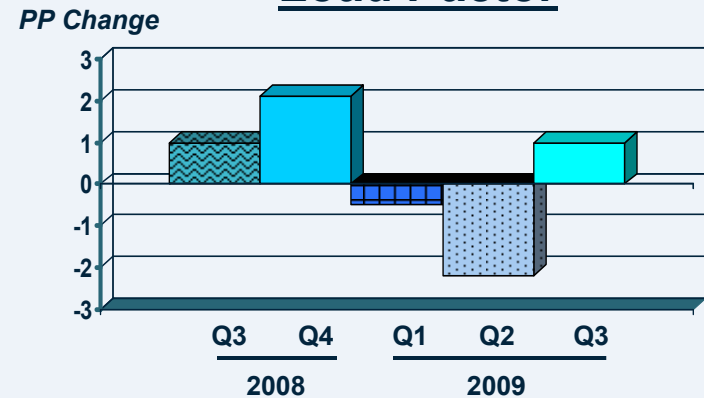
# Total – RASM Down 10.2% on Lower Yield

## Y-O-Y Change

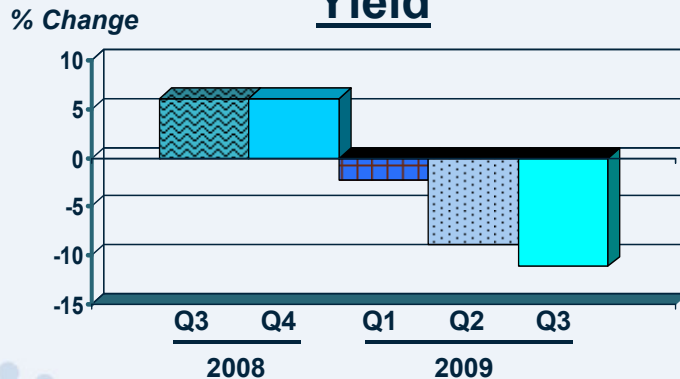
### Capacity (ASM)



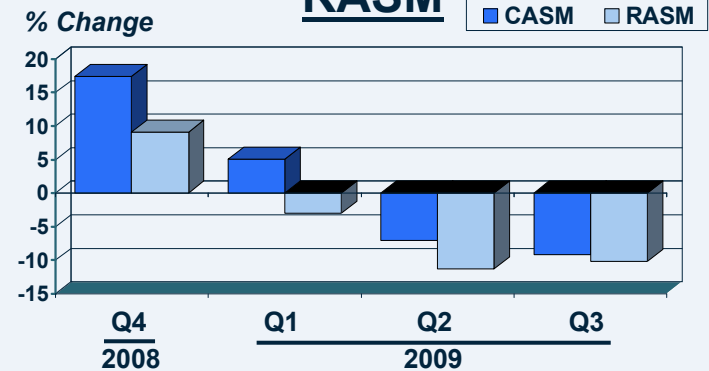
### Load Factor



### Yield



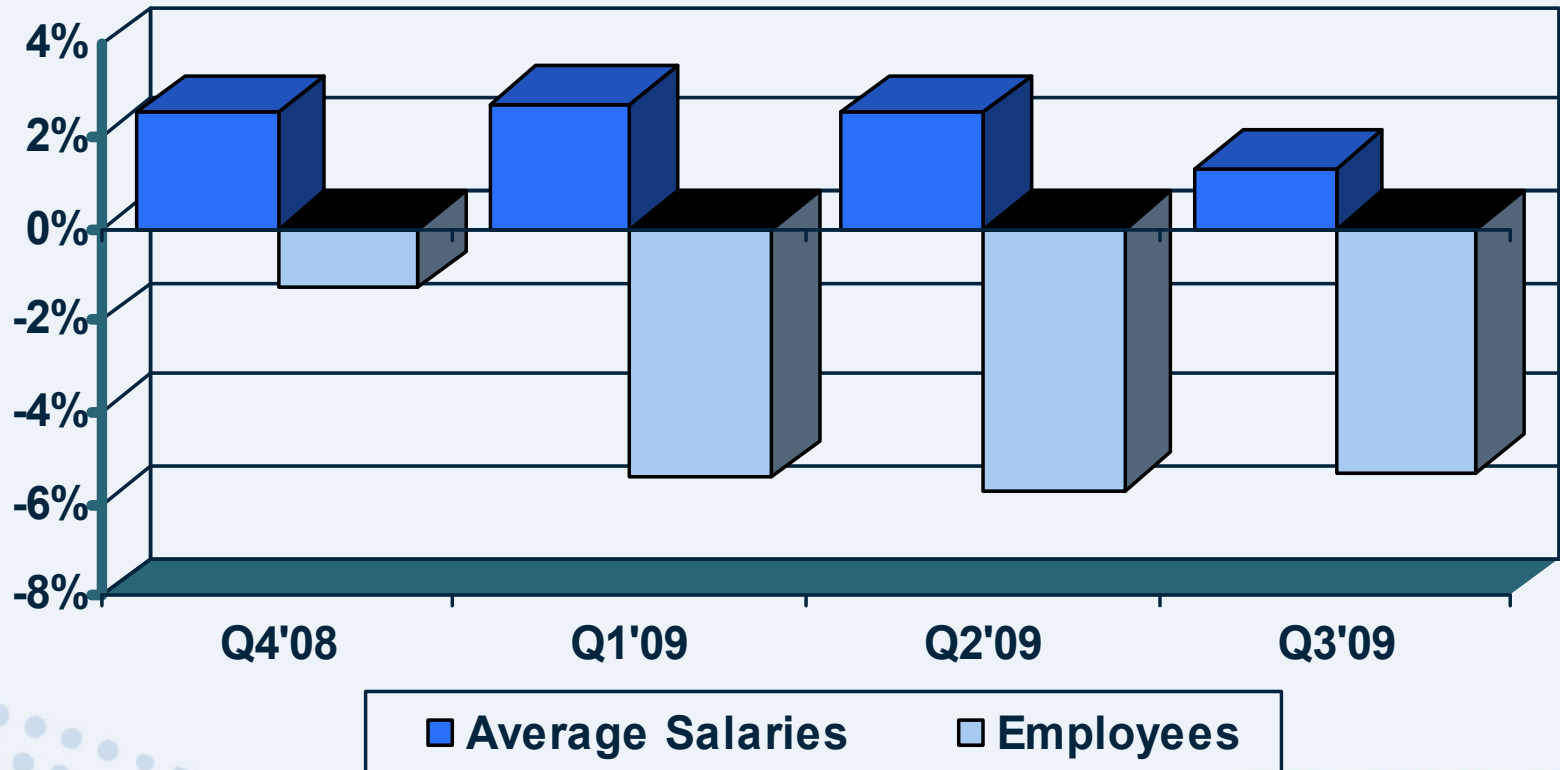
### RASM



# Q3 Employee Levels Reduced by 5.3%, Adjusting to Lower Capacity; Average Salary Up 1.3%

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

% Change Y-O-Y

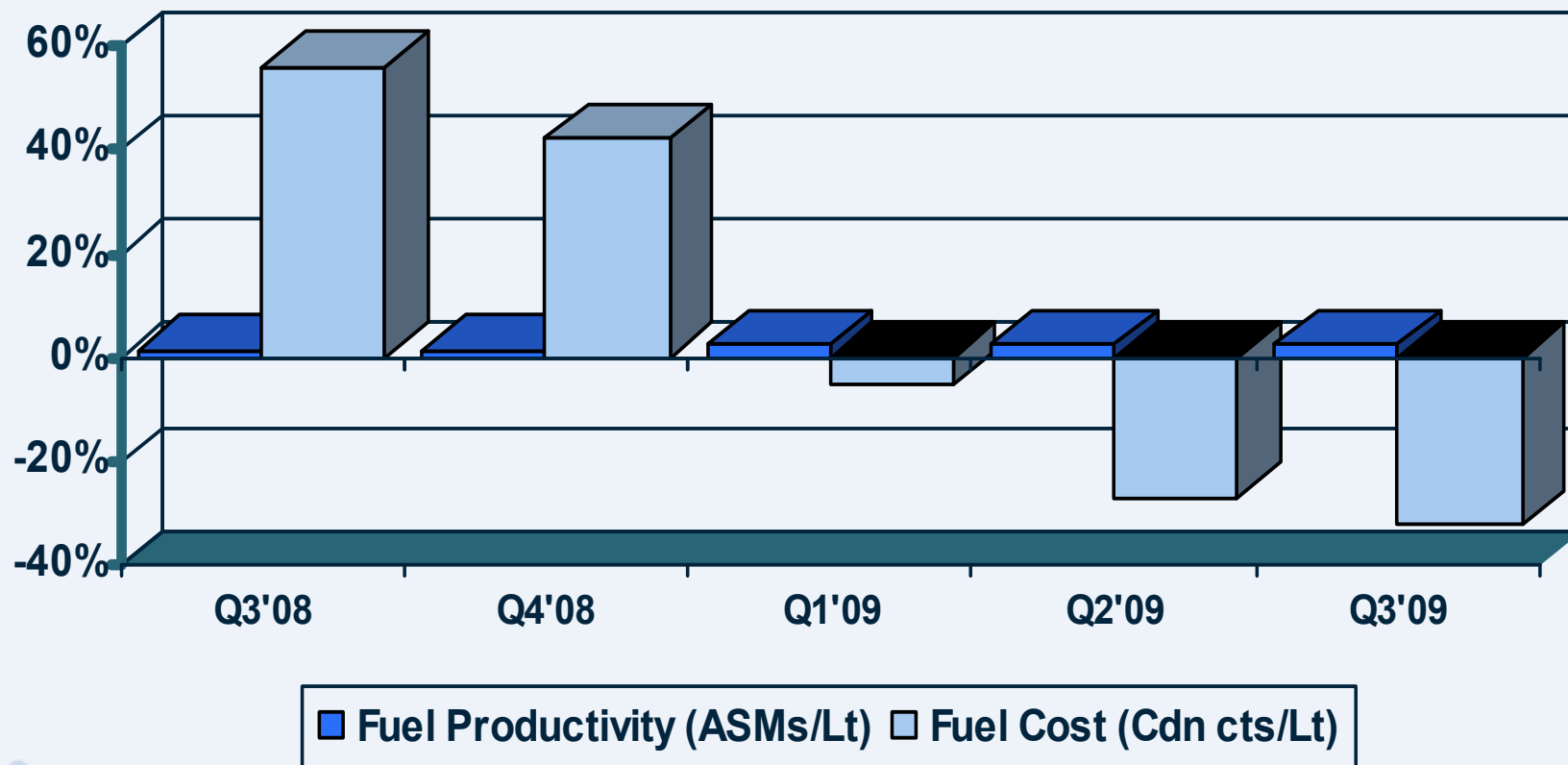


# Q3 Fuel Cost/Litre Down 32% While Fuel Productivity Improves 2.6% - Fuel Cost/Litre Down 45% Excl. Hedges

(non-GAAP measure)

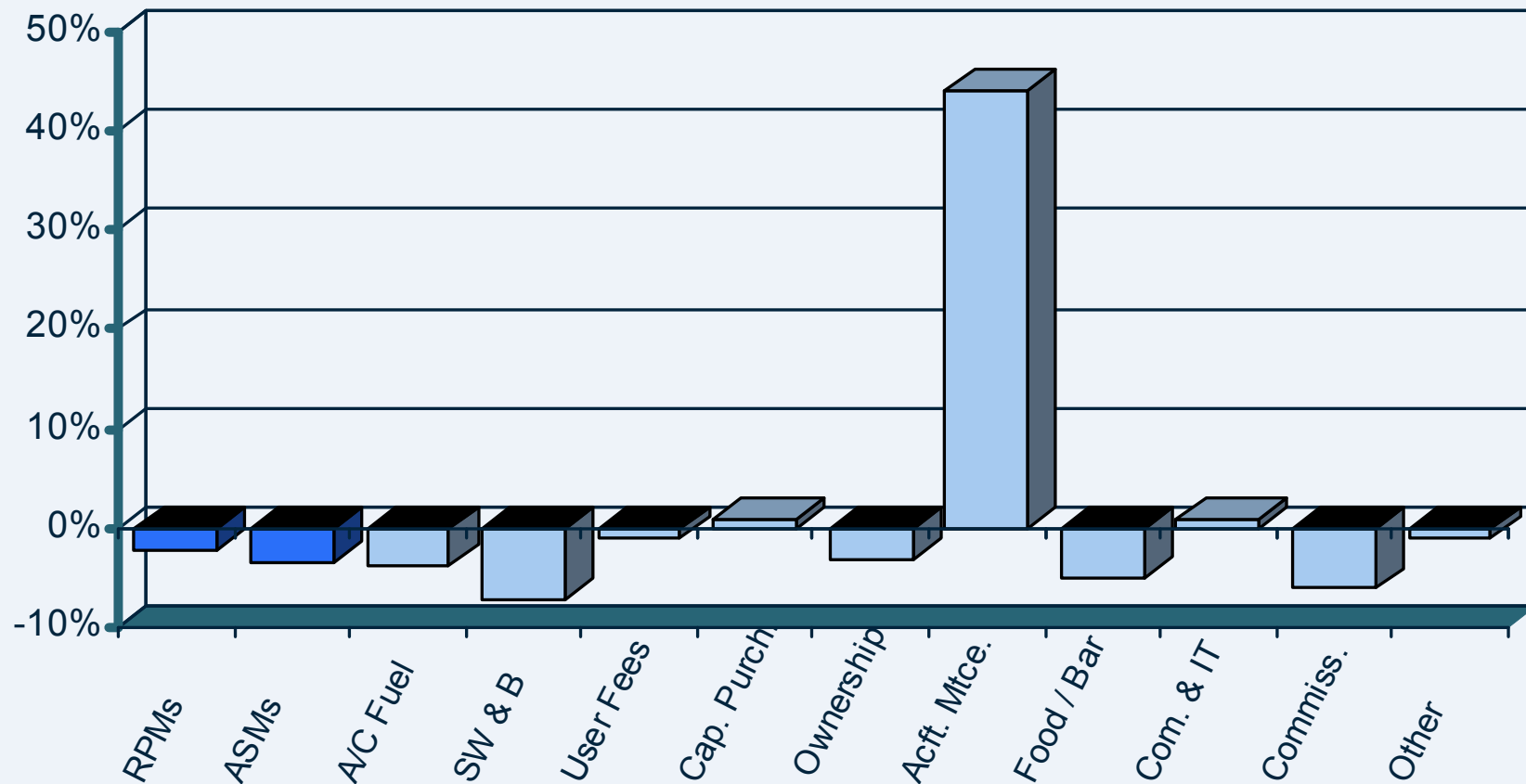
## (Fuel Productivity & Unit Cost)

% Change Y-O-Y



# Q3 Operating Expenses Down \$361M Despite Additional Expense of \$60M Due to Unfav. FX – Fuel Down \$382M

% Change Y-O-Y



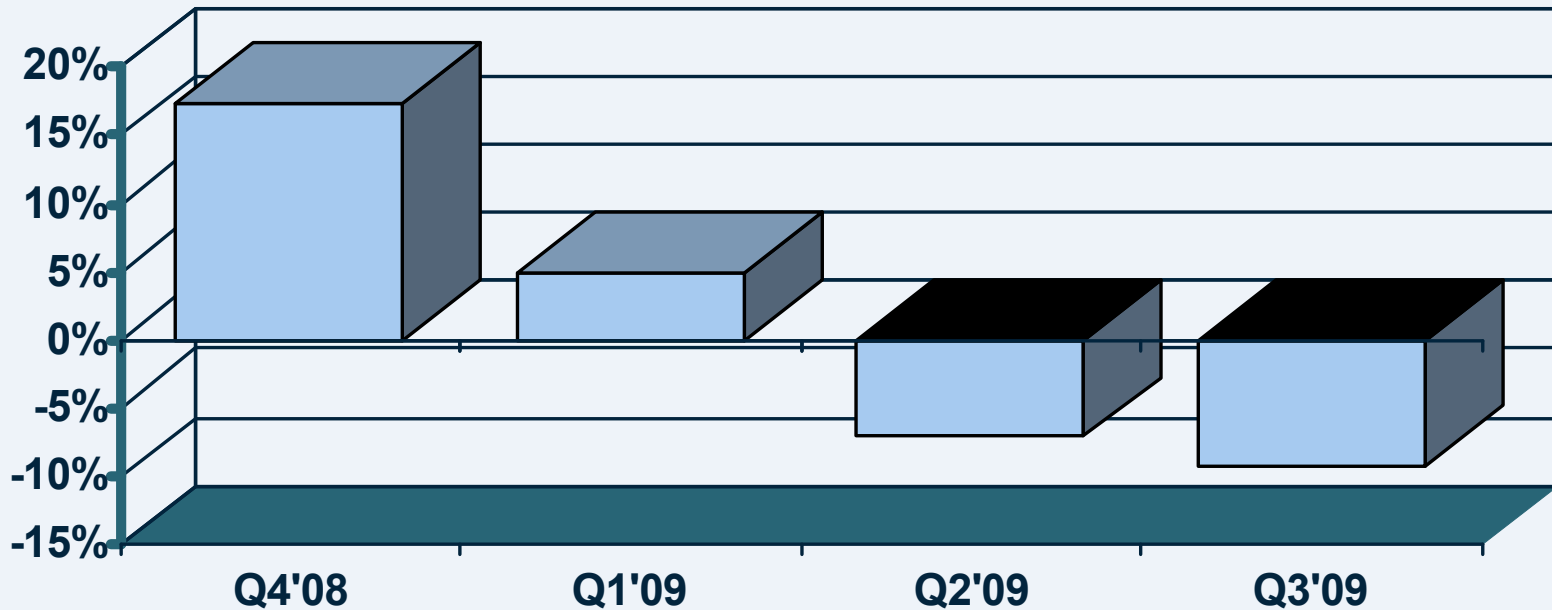
Q3 2009/2008

# Q3 Unit Cost Down 9.2% on Lower Fuel

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(Cost Per ASM)

*% Change Y-O-Y*



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