AIR CANADA

News Release

Air Canada Reports Third Quarter 2018 Results

- Third quarter EBITDAR of $1.265 billion and operating income of $840 million
- Record third quarter operating revenues of $5.415 billion
- Record unrestricted liquidity of $5.309 billion
- Leverage ratio of 2.0

MONTREAL, October 31, 2018 – Air Canada today reported third quarter 2018 EBITDAR(1) (earnings before interest, taxes, depreciation, amortization, impairment and aircraft rent) of $1.265 billion compared to third quarter 2017 EBITDAR of $1.360 billion. Air Canada reported operating income of $840 million compared to operating income of $976 million in last year's quarter. The airline reported third quarter adjusted pre-tax income(1) of $793 million compared to adjusted pre-tax income of $922 million in the prior year's quarter. On a GAAP basis, in the third quarter of 2018, Air Canada reported income before income taxes of $876 million compared to income before income taxes of $965 million in the third quarter of 2017.

"I am extremely pleased with both our unit revenue performance and our adjusted CASM(1) results for our all-important third quarter. Quarterly operating revenue grew 11 per cent, exceeding $5 billion for the first time in our history, and our year-over-year PRASM performance was among the best in the North American airline industry. Strong revenue and cost management substantially offset the challenges we faced in the quarter, principally the significant increase in fuel prices. Once again, the strength of our brand and of our people shone through in the quarter," said Calin Rovinescu, President and Chief Executive of Air Canada.

"Going forward, we expect our revenue momentum to continue in the fourth quarter and into next year. Indeed, with the trends we are seeing now, we expect our PRASM performance, both in the domestic market and throughout the network, to continue to improve in the final quarter of 2018," said Mr. Rovinescu.

"Complementing our record revenue generation was a disciplined and efficient approach to costs. Adjusted CASM rose 1.1 per cent from the third quarter of the prior year, well below the 2 to 3 per cent increase projected for the period with our second quarter results in July. Largely driven by higher fuel prices, Air Canada's CASM increased 9.8 per cent from the third quarter of 2017. Cost control will remain central to our strategy and we have already identified or realized two-thirds of the $250 million cost transformation program initiated early this year. Furthermore, we reached record unrestricted liquidity of $5.3 billion and achieved a leverage ratio(1) of 2.0.

“Our business model is creating substantial value. We have a powerful and comprehensive network with three strong global hubs. We have a compelling product and customer offering. In July, Air Canada was named the Best Airline in North America for the second consecutive year and for the seventh time in nine years by Skytrax, which has also reaffirmed Air Canada’s rating as North America’s only four-star international network carrier.

“I thank our 30,000 employees for their hard work in taking care of our customers during a challenging but satisfying summer. We set a new, single-day record for passengers carried of more than 178,000 in August. Finally, I also thank our customers for their continued loyalty. It is our unwavering commitment to continue improving and providing superior, award-winning service as we transport them safely to their destinations,” concluded Mr. Rovinescu.

Acquisition of Aimia’s Aeroplan Loyalty Business

On August 21, 2018, Air Canada, The Toronto-Dominion Bank, Canadian Imperial Bank of Commerce, Visa Canada Corporation (collectively, "the Consortium") and Aimia Inc. ("Aimia") announced that they had entered into an agreement in principle for the acquisition of Aimia's Aeroplan loyalty business. The transaction is subject to the satisfactory conclusion of definitive transaction documents, Aimia shareholder approval, and certain other conditions, including due diligence, receipt of customary regulatory approvals and completion by the Consortium of credit card loyalty program and network agreements for future participation in Air Canada's new loyalty program. The transaction is expected to be completed by the end of 2018.

Third Quarter Income Statement Highlights

In the third quarter of 2018, on capacity growth of 6.7 per cent, record system passenger revenues of $5.018 billion increased $504 million or 11.2 per cent from the third quarter of 2017. The increase in system passenger revenues was driven by traffic growth of 7.5 per cent and a yield improvement of 3.4 per cent, despite an increase in average stage length of 1.3 per cent which had the effect of reducing system yield by 0.7 percentage points. On a stage-length adjusted basis, system yield increased 4.1 per cent year-over-year. Passenger revenue per available seat mile (PRASM) increased 4.2 per cent over the same quarter in 2017, or 4.9 per cent on a stage length adjusted basis.

In the business cabin, system passenger revenues increased $98 million or 13.0 per cent from the third quarter of 2017 on traffic and yield growth of 8.9 per cent and 3.7 per cent, respectively.

In the third quarter of 2018, operating expenses of $4.575 billion increased $671 million or 17 per cent from the same quarter in 2017, mainly driven by higher fuel prices year-over-year and by the increase in capacity.

Air Canada's cost per available seat mile (CASM) increased 9.8 per cent from the third quarter of 2017. The airline's adjusted CASM increased 1.1 per cent from the prior year's quarter, better than the 2.0 to 3.0 per cent increase projected in Air Canada's news release dated July 27, 2018. Air Canada's better than expected adjusted CASM performance was largely driven by lower than forecasted Regional airlines expense, the impact of cost reduction initiatives related to Air Canada's cost transformation program, and other operating expense reductions. The lower Regional airlines expense was primarily due to certain engine maintenance events being recorded as capitalized maintenance versus operating expense in the third quarter of 2018, as well as timing of maintenance activities related to the Air Canada Express fleet.

Air Canada reported adjusted net income(1) of $561 million or $2.03 per diluted share in the third quarter of 2018 compared to adjusted net income of $922 million or $3.33 per diluted share in third quarter of 2017. On a GAAP basis, the airline reported third quarter 2018 net income of $645 million or $2.34 per diluted share compared to third quarter 2017 net income of $1.723 billion or $6.22 per diluted share. The net income in the third quarter of 2017 included an income tax recovery of $758 million.

Financial and Capital Management Highlights

At September 30, 2018, unrestricted liquidity (cash, short-term investments and undrawn lines of credit) amounted to $5.309 billion, the highest level in Air Canada's history (December 31, 2017 – $4.181 billion).

At September 30, 2018, adjusted net debt of $5.620 billion decreased $496 million from December 31, 2017. In the nine months ended September 30, 2018, increases in long-term debt and finance lease balances of $559 million and capitalized operating lease balances of $63 million were more than offset by an increase in cash and short-term investment balances of $1,118 million. At September 30, 2018, Air Canada's leverage ratio was 2.0 versus a ratio of 2.1 at December 31, 2017.

Net cash flows from operating activities of $371 million in the third quarter of 2018 decreased $122 million compared to the third quarter of 2017. Free cash flow(1) of $470 million in the third quarter of 2018 represented an increase of $146 million from the third quarter of 2017. Third quarter 2018 free cash flow included net proceeds of $293 million from the sale of 25 Embraer 190 aircraft.

For the 12 months ended September 30, 2018, return on invested capital (ROIC(1)) was 12.7 per cent, significantly higher than Air Canada's weighted average cost of capital of 7.4 per cent.

2017 Investor Day Targets and Current Outlook

At its September 2017 Investor Day, Air Canada provided guidance on key financial metrics:

- Annual EBITDAR margin (EBITDAR as a percentage of operating revenue) of 17-20 per cent in 2018, 2019 and 2020:

As disclosed in its news release dated July 27, 2018, Air Canada continues to expect to achieve an annual EBITDAR margin of approximately 16 per cent for the full year 2018. This decrease in projected EBITDAR margin takes into account a significantly higher fuel price per litre than that assumed in Air Canada's Investor Day news release dated September 19, 2017. As additional mitigation measures take effect, including further pricing and productivity improvements and the airline's $250 million Cost Transformation Program due for completion in 2019, Air Canada is confident that its EBITDAR margin and ROIC will normalize by year-end and that it will realize these Investor Day targets post-2018.

  - As mentioned above, Air Canada continues to expect to achieve an annual EBITDAR margin of 17-20 per cent in 2019 and 2020.

- Annual ROIC of 13-16 per cent in 2018, 2019 and 2020:

  As disclosed in its news release dated July 27, 2018, Air Canada continues to expect its annual ROIC to be approximately 12 per cent in 2018. This decrease in projected annual ROIC reflects Air Canada's expectation of a lower level of adjusted net income than previously anticipated.

  - As mentioned above, Air Canada continues to expect to achieve an annual ROIC of 13-16 per cent in 2019 and 2020.

- Cumulative free cash flow of $2.0 billion to $3.0 billion over the 2018-2020 period.

  - Air Canada continues to expect to achieve this target.

- A leverage ratio not exceeding 1.2 by the end of 2020 (measured by adjusted net debt over trailing 12-month EBITDAR):

  - Air Canada continues to expect to achieve this target.

Full Year 2018 Free Cash Flow

Air Canada now expects positive free cash flow in the range of $500 million to $600 million in 2018, as opposed to the range of $350 million to $500 million projected in Air Canada's news release dated July 27, 2018, largely due to higher than expected cash from operations, including working capital.

Fourth Quarter and Full Year 2018 Adjusted CASM

For the fourth quarter of 2018, Air Canada expects adjusted CASM (which excludes fuel expense, the cost of ground packages at Air Canada Vacations and special items) to increase 1.5 to 2.5 per cent when compared to the fourth quarter of 2017.

Air Canada now expects full year 2018 adjusted CASM to range between no increase to an increase of 0.75 per cent when compared to the full year 2017, instead of the range of a decrease of 0.5 per cent to an increase of 1.0 per cent projected in Air Canada's July 27, 2018 news release. Approximately 0.75 percentage points of this range are driven by non-recurring costs for branding initiatives and new uniforms, customer service and technology investments, accelerated depreciation and sale-leaseback rent expense for Embraer 190 aircraft, and 2018 start-up costs of approximately $10 million related to Air Canada's new loyalty program scheduled to launch in 2020.

Additional Guidance

For the full year 2018:

Depreciation, Amortization and Impairment Expense

Air Canada continues to expect depreciation, amortization and impairment expense to increase by approximately $125 million from the full year 2017.

Employee Benefits Expense

Air Canada continues to expect employee benefits expense to increase by approximately $75 million from the full year 2017.

Aircraft Maintenance Expense

Air Canada now expects aircraft maintenance expense to increase by approximately $95 million from the full year 2017, as opposed to the increase of $90 million projected in Air Canada's news release dated July 27, 2018.

2018 Outlook – Major Assumptions: Assumptions were made by Air Canada in preparing and making forward-looking statements. As part of its assumptions, Air Canada assumes continued relatively modest Canadian GDP growth for the fourth quarter and full year 2018. Air Canada also expects that the Canadian dollar will trade, on average, at C$1.30 per U.S. dollar in the fourth quarter and at C$1.29 per U.S. dollar for the full year 2018 and that the price of jet fuel will average 86 CAD cents per litre in the fourth quarter and 81 CAD cents per litre for the full year 2018.

The following table summarizes the above-mentioned outlook for the fourth quarter and the full year 2018 and related major assumptions:

		Full Year 2018
EBITDAR Margin		Approximately 16%
ROIC		Approximately 12%
Free Cash Flow		\$500 - \$600 million
	Fourth Quarter 2018 versus Fourth Quarter 2017	**Full Year 2018 versus Full Year 2017**
Adjusted CASM	Increase of 1.5% to 2.5%	Range between no increase to an increase of 0.75%
Depreciation, Amortization and Impairment Expense		Increase by \$125 million
Employee Benefits Expense		Increase by \$75 million
Aircraft Maintenance Expense		Increase by \$95 million
Major Assumptions	**Fourth Quarter 2018**	**Full Year 2018**
Canadian GDP	Relatively modest growth	Relatively modest growth
Canadian dollar per U.S. dollar	1.30	1.29
Jet fuel price – CAD cents per litre	86	81

The outlook provided constitutes forward-looking statements within the meaning of applicable securities laws and is based on a number of additional assumptions and subject to a number of risks. Please see section below entitled "Caution Regarding Forward-Looking Information".

(1) Non-GAAP Measures

Below is a description of certain non-GAAP measures used by Air Canada in an effort to provide readers with additional information on its financial and operating performance. Such measures are not recognized measures for financial statement presentation under GAAP, do not have standardized meanings, may not be comparable to similar measures presented by other entities and should not be considered a substitute for or superior to GAAP results. Readers are advised to review the section entitled Non-GAAP Financial Measures in Air Canada's Third Quarter 2018 MD&A for a further discussion of such non-GAAP measures and a reconciliation of such measures to Canadian GAAP.

- Adjusted net income (loss) and adjusted earnings (loss) per share – diluted are used by Air Canada as a means to assess the overall financial performance of its business without the after-tax effects of foreign exchange gains or losses, net financing income (expense) relating to employee benefits, mark-to-market adjustments on derivatives and other financial instruments recorded at fair value, gain on sale and leaseback of assets, gains or losses on debt settlements and modifications, gains or losses on disposal of assets, and special items as these items may distort the analysis of certain business trends and render comparative analysis to other airlines less meaningful. Starting as of and including the fourth quarter of 2017, adjusted net income (loss) is determined net of tax.

- Adjusted pre-tax income (loss) is used by Air Canada to assess the overall pre-tax financial performance of its business without the effects of foreign exchange gains or losses, net financing income (expense) relating to employee benefits, mark-to-market adjustments on derivatives and other financial instruments recorded at fair value, gain on sale and leaseback of assets, gains or losses on debt settlements and modifications, gains or losses on disposal of assets, and special items as these items may distort the analysis of certain business trends and render comparative analysis to other airlines less meaningful. Air Canada uses adjusted pre-tax income (loss) before interest to determine return on invested capital.

- EBITDAR is commonly used in the airline industry and is used by Air Canada as a means to view operating results before interest, taxes, depreciation, amortization, impairment and aircraft rent as these costs can vary significantly among airlines due to differences in the way airlines finance their aircraft and other assets. Air Canada excludes special items from EBITDAR as these items may distort the analysis of certain business trends and render comparative analysis to other airlines less meaningful.

- Adjusted CASM is used by Air Canada as a means to assess the operating and cost performance of its ongoing airline business without the effects of fuel expense, the cost of ground packages at Air Canada Vacations® and special items, as such expenses may distort the analysis of certain business trends and render comparative analysis to other airlines less meaningful. Aircraft fuel expense is excluded from operating expense results as it fluctuates widely depending on many factors, including international market conditions, geopolitical events, jet fuel refining costs and Canada/U.S. currency exchange rates. Air Canada also incurs expenses related to ground packages at Air Canada Vacations® which some airlines, without comparable tour operator businesses, may not incur. In addition, these costs do not generate ASMs and therefore excluding these costs from operating expense results provides for a more meaningful comparison across periods when such costs may vary.

- "Leverage ratio" refers to adjusted net debt to trailing 12-month EBITDAR leverage ratio and is commonly used in the airline industry and is used by Air Canada as a means to measure financial leverage. Leverage ratio is calculated by dividing adjusted net debt by trailing 12-month EBITDAR (excluding special items). As mentioned above, Air Canada excludes special items from EBITDAR results (which are used to determine leverage ratio) as these items may distort the analysis of certain business trends and render comparative analysis to other airlines less meaningful.

- Free cash flow is commonly used in the airline industry and is used by Air Canada as an indicator of the financial strength and performance of its business, indicating the amount of cash Air Canada is able to generate from operations and after capital expenditures. Free cash flow is calculated as net cash flows from operating activities minus additions to property, equipment and intangible assets, and is net of proceeds from sale-leaseback transactions.

- Return on invested capital (ROIC) is used by Air Canada as a means to assess the efficiency with which it allocates its capital to generate returns. Return is based on adjusted pre-tax income (or loss, as applicable), excluding interest expense and implicit interest on operating leases. Invested capital includes average year-over-year long-term debt, average year-over-year finance lease obligations, average year-over-year shareholders' equity, net of excess cash not required to run its core business operations, and the value of capitalized operating leases (the latter calculated by multiplying annualized aircraft rent by 7). Air Canada calculates invested capital based on a book value-based method of calculating ROIC, as described above. Refer to the definition of adjusted pre-tax income (loss) for a discussion as to why Air Canada uses adjusted pre-tax income (loss) to assess the overall pre-tax financial performance of its business.

Air Canada's Third Quarter 2018 Interim Unaudited Consolidated Financial Statements and Notes and its Third Quarter 2018 Management's Discussion and Analysis of Results of Operations and Financial Condition are available on Air Canada's website at **aircanada.com**, and will be filed on SEDAR at **www.sedar.com**.

For further information on Air Canada's public disclosure file, including Air Canada's Annual Information Form dated March 19, 2018, consult SEDAR at **www.sedar.com**.

Analyst Conference Call Advisory

Air Canada will host its quarterly analysts' call today, October 31, 2018 at 08:30 E.T. Calin Rovinescu, President and Chief Executive Officer, Michael Rousseau, Executive Vice President and Chief Financial Officer, and Lucie Guillemette, Executive Vice President and Chief Commercial Officer, will be available for analysts' questions. Immediately following the analysts' Q&A session, Mr. Rousseau and Pierre Houle, Managing Director and Treasurer, will be available to answer questions from term loan B lenders and holders of Air Canada's bonds. Media and the public may access this call on a listen-in basis. Details are as follows:

Dial 416-340-2216 or 1-800-377-0758

Live audio webcast: **https://bell.media-server.com/m6/p/o6sdcc8n**

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release includes forward-looking statements within the meaning of applicable securities laws. Forward-looking statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to preliminary results, guidance, strategies, expectations, planned operations or future actions. Forward-looking statements are identified using terms and phrases such as "preliminary", "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions.

Forward-looking statements, by their nature, are based on assumptions, including those described herein and are subject to important risks and uncertainties. Forward-looking statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including without limitation, our ability to successfully achieve or sustain positive net profitability or to realize our initiatives and objectives, industry, market, credit, economic and geopolitical conditions, energy prices, currency exchange, competition, our dependence on technology, cybersecurity risks, our ability to pay our indebtedness and secure financing, our ability to successfully implement appropriate strategic initiatives or reduce operating costs, war, terrorist acts, epidemic diseases, airport user and related fees, high levels of fixed costs, liquidity, our dependence on key suppliers including regional carriers and Aimia Canada Inc., the successful conclusion of the transactions among Air Canada, the other members of the Consortium and Aimia relating to the acquisition of Aimia's Aeroplan business, our success in transitioning from the Aeroplan program and launching our new loyalty program, casualty losses, employee and labour relations and costs, our ability to preserve and grow our brand, pension issues, environmental factors (including weather systems and other natural phenomena and factors arising from man-made sources), limitations due to restrictive covenants, insurance issues and costs, our dependence on Star Alliance, interruptions of service, changes in laws, regulatory developments or proceedings, pending and future litigation and actions by third parties and our ability to attract and retain required personnel, as well as the factors identified in Air Canada's public disclosure file available at www.sedar.com and, in particular, those identified in section 18 "Risk Factors" of Air Canada's 2017 MD&A. The forward-looking statements contained or incorporated by reference in this news release represent Air Canada's expectations as of the date of this news release (or as of the date they are otherwise stated to be made) and are subject to change after such date. However, Air Canada disclaims any intention or obligation to update or revise any forward-looking statements whether because of new information, future events or otherwise, except as required under applicable securities regulations.

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INFORMATION

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AIR CANADA

HIGHLIGHTS

The financial and operating highlights for Air Canada for the periods indicated are as follows:

(Canadian dollars in millions, except where indicated)	Third quarter			First Nine months		
	2018	2017 [(1)]	$ Change	2018	2017 [(1)]	$ Change
Financial Performance Metrics						
Operating revenues	5,415	4,880	535	13,819	12,432	1,387
Operating income	840	976	(136)	1,052	1,238	(186)
Income before income taxes	876	965	(89)	621	1,266	(645)
Net income	645	1,723	(1,078)	398	2,021	(1,623)
Adjusted pre-tax income [(2)]	793	922	(129)	884	1,088	(204)
Adjusted net income [(2)]	561	922	(361)	623	1,088	(465)
Operating margin %	15.5%	20.0%	(4.5) pp	7.6%	10.0%	(2.4) pp
EBITDAR (excluding special items) [(2)]	1,265	1,360	(95)	2,308	2,407	(99)
EBITDAR margin (excluding special items) % [(2)]	23.4%	27.9%	(4.5) pp	16.7%	19.4%	(2.7) pp
Unrestricted liquidity [(3)]	5,309	4,509	800	5,309	4,509	800
Net cash flows from operating activities	371	493	(122)	2,335	2,349	(14)
Free cash flow [(2)]	470	324	146	650	1,099	(449)
Adjusted net debt [(2)]	5,620	5,939	(319)	5,620	5,939	(319)
Return on invested capital (“ROIC”) % [(2)]	12.7%	16.3%	(3.6) pp	12.7%	16.3%	(3.6) pp
Leverage ratio [(2)]	2.0	2.1	(0.1)	2.0	2.1	(0.1)
Diluted earnings per share	$2.34	$6.22	($3.88)	$1.44	$7.29	($5.85)
Adjusted earnings per share – diluted [(2)]	$2.03	$3.33	($1.30)	$2.25	$3.93	($1.68)
Operating Statistics [(4)]			**% Change**			**% Change**
Revenue passenger miles (“RPM”) (millions)	28,465	26,472	7.5	71,559	65,741	8.9
Available seat miles (“ASM”) (millions)	33,137	31,050	6.7	85,268	79,301	7.5
Passenger load factor %	85.9%	85.3%	0.6 pp	83.9%	82.9%	1.0 pp
Passenger revenue per RPM ("Yield") (cents)	17.6	17.1	3.4	17.4	17.0	2.1
Passenger revenue per ASM ("PRASM") (cents)	15.1	14.5	4.2	14.6	14.1	3.3
Operating revenue per ASM (cents)	16.3	15.7	4.0	16.2	15.7	3.4
Operating expense per ASM ("CASM") (cents)	13.8	12.6	9.8	15.0	14.1	6.1
Adjusted CASM (cents) [(2)]	9.4	9.3	1.1	10.4	10.4	0.2
Average number of full-time equivalent (“FTE”) employees (thousands) [(5)]	30.2	28.3	6.9	29.7	27.7	7.4
Aircraft in operating fleet at period-end	409	392	4.3	409	392	4.3
Average fleet utilization (hours per day)	11.6	11.6	0.2	10.6	10.6	(0.2)
Seats dispatched (thousands)	17,970	17,056	5.4	48,615	46,298	5.0
Aircraft frequencies (thousands)	159.5	155.7	2.4	441.2	431.2	2.3
Average stage length (miles) [(6)]	1,844	1,820	1.3	1,754	1,713	2.4
Fuel cost per litre (cents)	83.0	59.4	39.7	79.2	61.1	29.6
Fuel litres (thousands)	1,652,137	1,583,984	4.3	4,304,169	4,077,777	5.6
Revenue passengers carried (thousands) [(7)]	14,806	13,993	5.8	38,995	36,812	5.9

(1) Air Canada adopted accounting standard IFRS 15 - Revenue from Contracts with Customers effective January 1, 2018 with restatement of 2017 amounts. ROIC and leverage ratio as at September 30, 2017 have not been restated for the adoption of this new accounting standard. Refer to section 9 "Accounting Policies" of Air Canada's Third Quarter 2018 MD&A for additional information.

(2) Adjusted pre-tax income, adjusted net income, adjusted earnings per share – diluted, EBITDAR (earnings before interest, taxes, depreciation, amortization, impairment and aircraft rent), EBITDAR margin, leverage ratio, free cash flow, ROIC and adjusted CASM are each non-GAAP financial measures and adjusted net debt is an additional GAAP measure. Refer to sections 6 and 14 of Air Canada's Third Quarter 2018 MD&A for descriptions of Air Canada's non-GAAP financial measures and additional GAAP measures. As referenced in the table above, special items are excluded from Air Canada's reported EBITDAR calculations. Refer to section 4 of Air Canada's Third Quarter 2018 MD&A for information on the special items.

(3) Unrestricted liquidity refers to the sum of cash, cash equivalents, short-term investments and the amount of available credit under Air Canada's revolving credit facilities. At September 30, 2018, unrestricted liquidity was comprised of cash and short-term investments of $4,922 million and undrawn lines of credit of $387 million. At September 30, 2017, unrestricted liquidity was comprised of cash and short-term investments of $4,135 million and undrawn lines of credit of $374 million.

(4) Except for the reference to average number of FTE employees, operating statistics in this table include third party carriers (such as Jazz Aviation LP ("Jazz"), Sky Regional Airlines Inc. ("Sky Regional"), Air Georgian Limited ("Air Georgian") and Exploits Valley Air Services Ltd. ("EVAS")) operating under capacity purchase agreements with Air Canada.

(5) Reflects FTE employees at Air Canada. Excludes FTE employees at third party carriers (such as Jazz, Sky Regional, Air Georgian and EVAS) operating under capacity purchase agreements with Air Canada.

(6) Average stage length is calculated by dividing the total number of available seat miles by the total number of seats dispatched.

(7) Revenue passengers are counted on a flight number basis (rather than by journey/itinerary or by leg) which is consistent with the IATA definition of revenue passengers carried.