2013 Annual Meeting of Shareholders
<table>
<thead>
<tr>
<th>2012 GLOBAL AIRLINE INDUSTRY</th>
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<tbody>
<tr>
<td>$7.6B</td>
<td></td>
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<tr>
<td>2012 Industry profit</td>
<td></td>
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<tr>
<td>$1.2B decrease from 2011</td>
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<tr>
<td>1.2% paper-thin net profit margin</td>
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<tr>
<td>$4 average airlines earning per passenger</td>
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<tr>
<td>Profit margins 2013: 1.8% “jump”</td>
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</tbody>
</table>
2012 GLOBAL AIRLINE INDUSTRY

Business remains tough, competitive, vulnerable

To succeed:
- Control costs
- Compete aggressively
- Develop and execute strategic vision
- Remain nimble
$131M
2012
Full year net profit

$12.1B Operating revenue up 4%
5.2% Passenger revenue growth
3.2% RASM growth
82.7% Record load factor

EBITDAR more than $1.3B
AIR CANADA 2012 Results

LIQUIDITY

More than $2B

In cash and short-term deposits

Paid down $295M in debt

Twice the liquidity of four years ago
AIR CANADA 2012 Results

Profit
Revenue
Customer demand
Balance sheet

IMPROVED ON ALL METRICS

76% Share price up
AIR CANADA – AN INDUSTRY LEADER
AIR CANADA – AN INDUSTRY LEADER

2013

4th year in a row!

BEST AIRLINE IN NORTH AMERICA

WORLD AIRLINE AWARDS 2013

4 STAR AIRLINE

SKYTRAX
OUR PRIORITIES

- COST REDUCTION AND TRANSFORMATION
- INTERNATIONAL GROWTH
- CUSTOMER ENGAGEMENT
- CULTURE CHANGE
OUR PRIORITIES: COST TRANSFORMATION

Efficiencies:

- Lower fuel consumption
- Better turnaround times
- Reduction of credit card fees
- Rigorous RFP process
- Enhance product and service innovations

CTP part of Air Canada DNA and transitions to Business Transformation

Excess of $530M

Achieved annual cost savings
OUR PRIORITIES: COST TRANSFORMATION

Flexibility

Reduced CASM through changes including:

- Collective agreement changes
- New work rules
- Launch of Air Canada rouge
- Expanded use of 75-seat aircraft at regional carriers
- High-density Boeing 777s and Boeing 787s
OUR PRIORITIES: COST TRANSFORMATION

Regional markets

- Transfer 75-seat Embraer jets to Sky Regional
- Deployment of cost-effective Q400s in Western Canada
OUR PRIORITIES: COST TRANSFORMATION

Pensions

- Introduced Defined Contribution and Hybrid DC/DB plans
- Benefit changes would result in approximately $1.1B reduction in solvency liabilities based on January 1, 2012 actuarial valuations (subject to OSFI approval)
- Reduced solvency deficit due to strong performance of plans
- New funding relief to January 30, 2021 agreed to with the Government of Canada, subject to the adoption of enabling regulations
OUR PRIORITIES: COST TRANSFORMATION

New MRO agreements

- Aveos not competitive
- Expect substantial improvements in turnaround times and costs
- Expect maintenance costs will decline by 7% from 2011 levels
OUR PRIORITIES: COST TRANSFORMATION

Fleet flexibility

- Introducing five B777s in July
- Feature Premium Economy
- Will operate with 21% unit cost advantage
- Ideal for leisure markets
OUR PRIORITIES: COST TRANSFORMATION

Fleet flexibility

- Boeing 787s first quarter 2014
- Expect 29% CASM reduction
  - Improved fuel efficiency
  - Lower maintenance costs
  - Increased seats
OUR PRIORITIES: COST TRANSFORMATION

Government

- Reduce rates, charges and assessments for entire industry
- Ensure a level playing field
- Better access to Billy Bishop
OUR PRIORITIES: COST TRANSFORMATION

Revenue initiatives

- Growing ancillary revenues
- Improving net Aeroplan revenues
- Loyalty program for small businesses
- Introduction of new Revenue Management System

Record operating revenue
Increase of $500M
OUR PRIORITIES: INTERNATIONAL POWERHOUSE

International growth

System ASM capacity to increase 9 to 11% in 2014

Assumes 2-3% GDP growth for 2014.
As reported June 10, 2013.
OUR PRIORITIES: INTERNATIONAL POWERHOUSE

New routes

- Istanbul
- New Toronto-Seoul service
- Calgary-Tokyo daily service
- Air Canada rouge adds Edinburgh and Venice, Dublin year-round beginning in 2014
OUR PRIORITIES: INTERNATIONAL POWERHOUSE

International growth

- Adding 7 flights a week to Beijing
- 11 daily departures to Asia, 43,000+ seats/week crossing the Pacific
- Capital investment of about $1.5B
OUR PRIORITIES: INTERNATIONAL POWERHOUSE

Toronto Hub

- Shortest elapsed travel time compared to New York or Chicago
- New baggage process facilitates U.S. customs
- 21% increase year over year in international connecting traffic
- Increase market share to 1.5%
OUR PRIORITIES: INTERNATIONAL POWERHOUSE

- Continued development of commercial alliances
- A++

Offering customers over 1,300 airports

New Code share agreements

- Star Alliance
- South African Airways
- Turkish Airlines
- Etihad Airways
OUR PRIORITIES: INTERNATIONAL POWERHOUSE

Air Canada rouge

- Boeing 767s transfer to Air Canada rouge
- Operate in July to Europe and Caribbean
- 23 routes from four Canadian cities by end of 2013
- Expand to 50 aircraft by end of 2015
OUR PRIORITIES: INTERNATIONAL POWERHOUSE

Air Canada rouge

- Lower cost structure
  - Flexible work rules
  - Higher-density configuration
  - Lower overhead costs
- Integrated with ACV to create more compelling leisure group

Air Canada rouge targets improved profitability in the leisure market
OUR PRIORITIES: ENGAGING OUR CUSTOMERS

Substantial investment in product since 2006 puts us ahead of competition

- Doubled movie content on free on-board entertainment system
- Refurbished Maple Leaf Lounges
- Revamped loyalty program as Altitude
- Won numerous industry awards
OUR PRIORITIES: ENGAGING OUR CUSTOMERS

On Time Performance

- Centre of Excellence Team
- 30% improvement in the first quarter 2013
- Achieving savings on delay costs
OUR PRIORITIES: CULTURE CHANGE
Our Priorities: Culture Change

Renewed focus on constructive and transparent dialogue

- Talent management and training
- Employees better understand competitive landscape
Four key areas

- Safety
- Environment
- Employees
- Community
OUR PRIORITIES: ENGAGING OUR CUSTOMERS

Safety

- Successfully concluded 5th IATA Operational Safety Audit
- Top 2% in industry
Implementation of Safety Information Management System (SIMS)
33% improvement since 1990

CO₂ emissions reduced by 318,000 tonnes between 2006-2011
First biofuel flight

“Perfect Flight”
42% reduction in emissions
New communication tools

HR Connex
Town halls
Open and frank discussion
Air Canada Foundation

Assists individuals, groups and causes
**Air Canada Foundation**

- Raised $540,000
- Donated 13M Aeroplan Miles to pediatric hospitals
- Support valued at close to $4M
CONCLUSION

Upside

- Liquidity levels
- International growth potential
- Improved borrowing capability and credit rating
- New fleet
- Industry-leading products
- Global franchise
Target to increase Return on Invested Capital to 10-13% in 2015

Goal to lower unit cost by 15% over medium term
Sustainable, profitable airline

- Attain targeted return on invested capital
- Reward shareholders into the future
THANK YOU