2014 Annual and Special Meeting of Shareholders
Caution forward-looking statements

Air Canada’s public communications may include forward-looking statements within the meaning of applicable securities laws. Such statements may be included in this presentation and may be included in other communications, including filings with regulatory authorities and securities regulators. Forward-looking statements may be 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 strategies, expectations, planned operations or future actions. Forward-looking statements are identified by the use of terms and phrases such as “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 and are subject to important risks and uncertainties. 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. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including without limitation, industry, market, credit and economic conditions, the ability to reduce operating costs and secure financing, energy prices, currency exchange and interest rates, employee and labour relations, competition, pension issues, war, terrorist acts, epidemic diseases, environmental factors (including weather systems and other natural phenomena and factors arising from man-made sources), insurance issues and costs, changes in demand due to the seasonal nature of the business, supply issues, changes in laws, regulatory developments or proceedings, pending and future litigation and actions by third parties as well as the factors identified throughout Air Canada’s public disclosure file available at www.sedar.com, including section 18, Risk Factors, of Air Canada’s 2013 Management’s Discussion and Analysis of Results of Operations and Financial Condition dated February 12, 2014.

Any forward-looking statements contained in this presentation represent Air Canada’s expectations as of the date of this presentation (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 as a result of new information, future events or otherwise, except as required under applicable securities regulations.
YUL: Air Canada’s Headquarters

- 5,300 employees
- 150 flights per day
- 44 direct destinations
Building Air Canada into a global powerhouse of which all Canadians can be proud
Air Canada: Watershed year

- Global company
- Sustainably profitable
- Nimble, creative, entrepreneurial
- We can create more jobs
- Continue with good pay and benefits
- Preserve pensions
- Customer-centric
- Deliver value to shareholders
Record financial results

- Operational successes
- Industry awards
- Carried more people safely to destination
2013 Financial year in review

The market noticed

Highest performing shares on S&P TSX

323% return
Financial highlights – 2013

$12.4B

Record operating revenues

$268M

Increase from 2012
Financial highlights – 2013

Passenger revenues

$11B

0.5%
Yield improvement

$284M
Increase from 2012
Financial highlights – 2013

More than 35M passengers

Record load factor 82.8%
Financial highlights – 2013

1.5%

Cost reduction from 2012
Record adjusted net income

$340M

Improvement over 2012

$285M
Financial highlights – 2013

Record EBITDAR

$1.4B

$113M
Increase over 2012
Adjusted net debt to EBITDAR ratio

Maintain ratio below 3.5
Financial highlights – 2013

$2.4B

Unrestricted liquidity

Maintain minimum $1.7B
Return on invested capital

11%

Achieve 10-13% by 2015

7.9%
In 2012
Global industry

Exceeded 3 billion passengers

25% traffic increase projected by 2017

Demand in international markets grew faster than domestic
Air Canada goal

Long-term, sustainable profitability for the benefit of:

- employees
- retirees
- lenders
- shareholders
Corporate Priorities

- International powerhouse
- Cost reduction and transformation
- Culture change
- Customer engagement
International powerhouse

Ready for investment growth and opportunity

32% international capacity increase since 2009
International powerhouse | Capacity
Star Alliance and joint ventures
Capturing global traffic
Revenue up almost 3%

Potential of more than $400M in incremental annual revenue
International powerhouse

**Expedited security screening**

- **TSA Pre-check program**
- **Even footing with U.S. carriers**
Investing in our future

Approx. $850M

Over $8B
State-of-the-art mission control
International powerhouse | Growth

Capital commitments
Investing in product, people and service
Cost transformation and margin expansion for improved profitability
Elimination of Canadian pension plan solvency deficit

Cost transformation | Pensions

2012 ($4B) 2013 ($3.7B) 2014 surplus
Cost transformation | Pensions

- Reassures employees and retirees
- Encourages investment community
Cost transformation | Investing in Air Canada

- Increased ratings on Air Canada debt
- Greater interest from U.S. investors
Cost transformation | Investing in Air Canada

- Successful US$400 million private offering
- Lower borrowing costs
$1.4 billion refinancing

- Lowered debt costs
- Extended debt maturity
- Strengthened balance sheet
- Improved credit profile
Enhanced Equipment Trust Certificates (EETCs)

- Among first non-U.S. airlines
- Raised US$715 million for Boeing 777 high-density aircraft
Cost transformation | Cost initiatives

Air Canada rouge

- A319: 21% unit cost savings
- Boeing 767: 29% unit cost savings
Cost transformation | Cost initiatives

High-density Boeing 777

777-300
349 seats

777-300
458 seats

21% unit cost savings

Premium
Economy
Cost transformation | Cost initiatives

Fleet rationalization

Moved 15 Embraer 175s to a lower-cost regional partner

11% Unit cost reduction
Permanent approach to business transformation

- Pursue cost-saving opportunities
- Review business processes
- Improve employee productivity
New passenger revenue management system

- Managing network routes
- Optimizing passenger flows across networks

$100M+$ in incremental annual revenues
## Highlights

<table>
<thead>
<tr>
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<th>Q1-2014</th>
<th>Q1-2013</th>
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</thead>
<tbody>
<tr>
<td>EBITDAR</td>
<td>$147M</td>
<td>$145M</td>
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<tr>
<td>Operating loss</td>
<td>($62M)</td>
<td>($106M)</td>
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<tr>
<td>Adjusted net loss</td>
<td>($132M)</td>
<td>($143M)</td>
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- Adjusted CASM decreased 2.5% to Q1-2013
- Return on investment capital for 12 months ended March 31, 2014 was 10.7 per cent
Agility

Responded to falling Canadian dollar by:

- Adjusting capacity
- Implementing cost-saving measures
- Shares responded positively
Leadership, accountability, empowerment, entrepreneurship, rewarding performance
Instill common purpose, values and goals

- Effectively communicate
- Employee survey shows engagement is rising
Culture change | Tools and training

- Expanded training activities
- New customer-service training for Air Canada mainline flight attendants
- Disney customer-service course for new Air Canada rouge flight attendants
- Leadership training
- French language training
- Dreamliner arrival special training for all operational branches
Air Canada encourages suggestions and feedback from employees

- They are best-placed to identify improvements
Air Canada employees are among the best paid in the Canadian industry

Only Canadian airline with a defined benefit pension plan

Profit sharing program
  • Paid out $31 million in early 2014
Employee Share Ownership Plan (ESOP) program revamped

- More flexibility
- Enriched company contribution
- More than 23 million shares (8%) owned by employees and unions at year-end
Top 100 employers
75,000 potential candidates

Most attractive employer:
Randstad Canada
7,000 jobseekers and workers

Career page
aircanada.com/careers

110,000 visits each month
100 people per job that is filled
The Foundation encourages employee participation

- Volunteer Involvement Program (VIP) for employees involved in local charities
- $200,000 donated to Canadian Red Cross (Typhoon Haiyan, Philippines)
- On-going support to Haiti
In 2013 with Air Canada’s support, the Foundation contributed close to $4 million to charities focused mainly on the health and well-being of children.
Culture change | Giving back to the community

HOSPITAL TRANSPORTATION PROGRAM

AIR CANADA FOUNDATION

Children's Miracle Network Hospitals
Culture change | Giving back to the community

SOUTENIR LES ARTISTES D’ICI, C’EST DANS NOTRE CULTURE.
Air Canada salut avec fierté le talent de la scène artistique canadienne.

SUPPORTING ALL THOSE WHO SEE THE STAGE AS THEIR DREAM DESTINATION.
Air Canada is proud to contribute to our thriving arts scene.

HONOURING A MAN OF CONVICTIONS.
Air Canada is proud to pay tribute to James Eetoolook for his continuous dedication to the people of his home community of Tasiujaq for over 45 years. His numerous efforts have provided hope and a chance to other indigenous people across the North and beyond. In recognition of his tireless commitment to his home community, Air Canada supported the Inuit Tapiriit Kanatami Nunavut Land Claims Agreement that restored Canada when he served as President of the Kitikmeot Inuit Association.

In his current position as Vice-President of Nunavut Tunngavik Inc., he works diligently to protect Inuit culture and language in order to ensure that the rights of all Inuit people are safeguarded. He has recently focused his work on championing issues of vital importance to Indigenous people specifically with regards to the environment and wildlife.

In this capacity, he is currently the Chair of the Inuit Wildlife and Environment Council.

Air Canada wishes to congratulate James Eetoolook on being the recipient of this highly deserved award.

LEVONS NOTRE CHAPEAU À UN HOMME DE CONVICTIONS.
Air Canada est fière de rendre hommage à James Eetoolook pour son dévouement continu envers sa communauté de Tasiujaq depuis plus de 45 ans. Ses nombreuses initiatives ont non seulement permis de servir de modèle à d’autres membres de la communauté a travers le Nord et ailleurs, mais ont également contribué à l’avancement du développement culturel et linguistique. Il a également porté à bien le processus de négociation du Traité sur les revendications territoriales du Nunavut alors qu’il était président de l’association Inuit Kitikmeot.

Il concentre désormais ses efforts aux défis liés à la préservation de l’environnement et de la vie sauvage, en tant que président du Conseil de la faune et de l’environnement.

Air Canada est heureuse de féliciter James Eetoolook d’être le récipiendaire de ce prix grandement mérité.
Customer engagement
Customer engagement
Better on-time performance

✈ Double-digit improvements
Dreamliner to offer Superior travel experience
Boeing 737 MAX

To replace existing narrow-body aircraft
Introduction of a customer-centric relationship management system
Best Airline in North America four years in a row

Survey of more than 18 million passengers
Customer engagement | Awards

Canada’s Favourite Airline for Business Travel

81%
Preferred by frequent business travellers
The Best Long Haul Airline (Americas)

Best Airline in North America

Best North American Airline International Travel
Best North American Airline Inflight Experience

Best North American Airline International Travel
Best Flight Attendants in North America
Canada’s Safest Employer Awards 2013 recognizes Air Canada for workplace health and safety record
In 2013, we moved from managing key challenges to solving them.

Will continue to focus on innovation, adaptability, resilience and seize opportunities to achieve and sustain profitability.
Ongoing commitment
Thank you