Presents at the

RBC Capital Markets®

Transportation and Industrials Conference

Miami, Florida
December 1, 2010
Agenda

- Air Canada – Leading Carrier in all Markets

- Improving Performance in a Gradually Strengthening Economy

- Building on Sustainability
Air Canada –
Leading Carrier in all Markets
This is Air Canada

- Leading share in all markets
- One of the youngest fleets among North America's major carriers
- Founding member of Star Alliance™ – the world's largest airline alliance group

178 Direct Destinations

30M+ Passengers Carried

1,300+ Daily Departures

326 Aircraft (At Sept 30/10)

23K+ Full Time Equivalent Employees

22K+ Full Time Employees
Leading Share in all Markets

Domestic

- WJA 36%
- Other Airlines 8%
- Air Canada 56%

42% of passenger revenues

International

- Other Airlines 29%
- Air Canada 39%
- WJA 13%
- US 5%
- DL 8%
- CO 6%
- UA 15%

39% of passenger revenues

Transborder

- Other Airlines 8%
- Air Canada 34%
- AA 11%
- Other Airlines 8%
- CO 6%
- UA 15%

19% of passenger revenues

Source: OAG, based on available seat miles (ASMs) from Jan 09 to Dec 09; AC Revenue Split based on Jan 09 to Dec 09
Revenue Opportunities

- Fleet flexibility to respond to market demand
- Industry-leading on-board products
  - lie-flat beds, IFE, in-seat power outlets
- Unused route rights
- Well positioned to funnel traffic from the U.S.
- World class global hub at Toronto – strong international gateways in Montreal and Vancouver
- Benefits from Star Alliance™ network & joint ventures
Diversified Network – STAR ALLIANCE™ Members

27 Members
181 Countries Served
1,160 Airports
4,023 Aircraft
21 K Daily Departures
970 Lounges
>600 M Passengers/year

Note: On Oct 1/10 United Continental Holdings, Inc. announced the closing of the merger of UAL and CAL
International Expansion – New and enhanced routes since January 2010
One of the Youngest\(^{(1)}\) Fleets Among the Major North American Legacy Carriers

Average fleet age

<table>
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<th>Years</th>
<th>Continental Airlines</th>
<th>United Airlines</th>
<th>Continental Airlines</th>
<th>United Airlines</th>
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<td>9.7</td>
<td>11.6</td>
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<tr>
<td>2011</td>
<td>10.0</td>
<td>11.9</td>
<td>13.6</td>
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</table>

(1) Average fleet age as at December 31, 2009

Note: On Oct 1/10 United Continental Holdings, Inc. announced the closing of the merger of UAL and CAL

Capital Plans

<table>
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<th>Years</th>
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<th>2011</th>
<th>2012</th>
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Customer Service Improvements

Customer Service Index (CSI) is a measure of customer satisfaction

- A lower index level indicates a higher level of customer satisfaction

- Business Class
  - "value for money" = +9 pp
  - "overall satisfaction" = +8 pp

- Economy Class
  - "value for money" = +7 pp
  - "overall satisfaction" = +6 pp

(Reflects 2009 versus 2008)
Reader's Digest Canada's second annual "Most Trusted" poll voted Air Canada:
- Canada's Most Trusted Airline

A UK based Global Reputation Pulse survey of Canadian companies found that Air Canada:
- Recorded the single largest year-over-year jump in reputation of any company in the study

Best Airline North America

2010 Agents’ Choice Award by Travel Press & Travel Courier
- Favourite Scheduled Airline

2010 Executive Travel magazine’s "Leading Edge Awards"
- Best airline for flights to Canada from anywhere in the world

2010 International Sales Person of the Year Onboard Sales Conference
- Most Improved Airline of the Year

2010 Ipsos Reid Business Traveller Survey named Air Canada
- Canada’s favourite airline for business travel
Other Leading Services by Air Canada

- Jazz is a separate entity that operates under a capacity purchase agreement (CPA) with Air Canada.
- Premium provider of jet charter services
- Canada's only national regional airline with over 800 daily flights
- Canada's largest provider of air cargo services
- One of Canada's leading tour operators.

(1) Jazz is a separate entity that operates under a capacity purchase agreement (CPA) with Air Canada.
Improving Performance in a Gradually Strengthening Economy
Progressive Signs of an Economic Recovery

- System passenger revenue increased $322M or 13.4% in Q3 10 due to traffic growth and a system yield improvement
  - almost one third of passenger revenue growth was recorded on the Pacific routes
- 26% increase in Premium Class revenue on 14.1% traffic growth and a 10% yield improvement
- Record load factor of 84.7% in Q3 10 was 1.2 PP above Q3 09 on capacity growth of 8.2%
- Yield growth reflected in all markets except US transborder
  - yield improvement led by a 10% increase in Premium class cabin
  - overall, Q3 10 yield increased 3.2% versus Q3 09
- Cargo revenues increased 34% mainly on a 29% traffic growth
Disciplined Capacity Management Keeps Load Factors Strong

Achieved record load factor of 80.3% in October
System RASM and Yield Reflect an Improving Trend
Building on Sustainability
Success in Achieving Pension and Labour Stability

- Canadian-based unions' Labour agreements extended 21 months on a cost-neutral basis (to Q1 2011)
- Adopted new pension funding regulations
  - moratorium on past service payments Apr 1/09 to Dec 31/10
  - fixed payments of $150, $175 and $225 million in 2011, 2012 and 2013 respectively
- 17,647,059 Class B shares issued to trust with proceeds contributed to pension plans (represents approx. 6% of total issued & outstanding shares)

Provides us with flexibility to manage through our next set of priorities.
Improved Liquidity Position

- Private Note Offerings for net proceeds of close to $1.1B (August 2010)
- $729M of net proceeds of Note Offering used to repay 2009 secured term credit facility
- Aircraft loan commitment of US$170M for 2011/2012 balloon payments (June 2010)
- Bought deal offering for net proceeds of $249M (October 2009)
- Non-refundable proceeds from a supplier of $230M
- Sale and leaseback of three Boeing 777 aircraft for net cash proceeds of $115M
- Extension to an $82M loan from 2009 to 2013
- Accepted a proposal from new secure provider for credit card processing services in N.A. for Visa and Mastercard for five-year term

Liquidity levels of over $2 billion (at October 31, 2010)
Air Canada Generates a Higher RASM Than US Peers But Higher Cost Structure an Opportunity

**2009 Revenue per Available Seat Mile**

- **US cents**
  - Air Canada: 15.6
  - US Airways: 12.3
  - Delta: 12.2
  - United: 11.6
  - LN: 11.5

**2009 Cost per Available Seat Mile (ex fuel)**

- **US cents**
  - Air Canada: 8.1
  - US Airways: 8.5
  - Delta: 8.5
  - United: 8.6
  - LN: 9.2
  - AMR: 9.3
  - Total (US¢): 12.2

**Major Cost Differences (C¢)**

- Airport Cost: 0.9
- Ownership: 0.5
- Maintenance: 0.3
- Food: 0.2
- **Total (C¢):** 1.9
- **Total (US¢):** 1.8
2010 CTP Target Fully Achieved
(as of November 4, 2010)

- Expected annual benefits on a run-rate basis:
  - $300M by end of 2010
  - $530M by end of 2011 (run-rate)
- Individual benefits range from $100K to $40M
- $300M achieved on 2010 annual benefits
- $350M achieved on the full $530M target

Initiatives relate to:

- $200 M
  - Contract Improvements
- $160 M
  - Operational process & productivity improvements
- $170 M
  - Revenue Optimization
Managing Fuel and Foreign Exchange

- Target is to hedge at least 35% of next 12 months' consumption
- Current hedges comprised mainly of crude oil call options – also collars and jet fuel swaps
- Relationship between jet fuel prices and CAD/US exchange rate helps reduce our fuel exposure
- Net USD exposure is covered 39% for the next 12 months

Fuel Hedging Positions
(at October 31, 2010)

- Average capped price
  - $88/bbl
  - $88/bbl
  - $91/bbl

- 34% for Q4 10
- 35% for ROY 2010
- 13% for 2011
Finding New Approaches to Generate Revenue

- Reached agreement on US transborder joint venture with recently merged United Airlines*
- DOT and the Canadian Competition Bureau (CCB) approved the formation of a transatlantic alliance (A++)
- Actively re-engaged with the travel trade
- Broadened distribution channels
- Introduced initiatives to grow ancillary fees including:
  - Preferred Seat option
  - changes to checked bag policy
  - upgrade programs
  - Star Alliance™ upgrade awards

* On Oct 1/10 United Continental Holdings, Inc. announced the closing of the merger of UAL and CAL
2010 Priorities

Expand international presence

Improve revenue and unit cost productivity through CTP

Improving ability to grow business profitability

Foster culture change

Re-engage with customers with added focus on Premium revenue passengers
Caution Regarding Forward-looking Information

Air Canada’s public communications may include written or oral forward-looking statements within the meaning of applicable securities laws. Such statements are included in this presentation and may be included in other communications, including filings with regulatory authorities and securities regulators. Forward-looking statements 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 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, including those described herein and are subject to important risks and uncertainties. Forward-looking 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, pension issues, energy prices, currency exchange and interest rates, employee and labour relations, competition, war, terrorist acts, epidemic diseases, environmental factors (including weather systems and other natural phenomena, such as volcanic eruptions, 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 2009 MD&A and third quarter 2010 MD&A and, in particular, those identified in section 13 “Risk Factors” of Air Canada’s Q3 2010 MD&A and section 19 "Risk Factors" of Air Canada’s 2009 MD&A. The 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.