AIR CANADA

News Release

Air Canada Reports Record Third Quarter 2014 Results

Highest Adjusted Net Income and Operating Income Results of any Quarter in Air Canada's 77-year History

- **Adjusted net income[1] of $457 million versus adjusted net income of $365 million in the third quarter of 2013, an improvement of $92 million, representing a 25.2 per cent increase, or $0.26 per diluted share**

- **Operating income of $526 million versus operating income of $416 million in the third quarter of 2013, an increase of $110 million or 26.4 per cent**

MONTRÉAL, November 6, 2014 – Air Canada today reported third quarter adjusted net income of $457 million or $1.55 per diluted share compared to adjusted net income of $365 million or $1.29 per diluted share in the third quarter of 2013, an improvement of $92 million or $0.26 per diluted share. EBITDAR[1] (earnings before interest, taxes, depreciation, amortization and aircraft rent) amounted to $749 million compared to EBITDAR of $626 million in the third quarter of 2013, an improvement of $123 million. On a GAAP basis, Air Canada reported operating income of $526 million, an increase of $110 million from the same quarter in 2013. The airline recorded net income of $323 million or $1.10 per diluted share in the third quarter of 2014 compared to a net income of $299 million or $1.05 per diluted share in the third quarter of 2013, an improvement of $24 million or $0.05 per diluted share.

"I am extremely pleased to report Air Canada's best financial performance of any quarter in the Corporation's 77-year history, surpassing previous records for adjusted net income, operating income and EBITDAR," said Calin Rovinescu, President and Chief Executive Officer.

"Operating margin was 13.8 per cent, an increase of 1.8 percentage points over the previous year's quarter, underscoring the effectiveness of our business transformation strategy. The recent tailwind provided by a reduction in fuel prices is a welcome development but we remain focused on further cost reductions to achieve sustainable profitability in this highly competitive industry environment. While foreign exchange rates and fuel prices have fluctuated since 2012, Air Canada remains on track to achieve the savings targeted when we announced our objective at our June 2013 Investors' Day to achieve a 15 per cent CASM reduction from our 2012 baseline costs.

"The ratification of a ten-year agreement with our pilots provides a strong foundation to support long term profitable growth. With this additional stability and competitiveness, we are able to accelerate our fleet initiatives and capital programs with the acquisition of an additional two Boeing 777-300ER aircraft. This will bring our Boeing 777 fleet to a total of

25 aircraft, all of which will be reconfigured to our new international cabin product standard now featured on the 787 Dreamliner aircraft entering our international fleet.

"In the third quarter, we continued to implement our commercial strategy focused on international growth and the strategic deployment of Air Canada rouge™ to compete more effectively in leisure markets. Together with the on-going renewal of the mainline fleet, we continue to build Toronto Pearson into a truly global hub with the successful launch in the quarter of new Tokyo/Haneda service, to be followed with the introduction of new year-round service to Rio de Janeiro and Panama City in December, Amsterdam in June 2015, as well as Vancouver-Osaka and Montreal-Venice seasonal services to be operated by Air Canada rouge™. Performance of our leisure carrier subsidiary has continued to exceed our expectations. Just one year after its launch in July 2013, Air Canada rouge™ has served almost 2.5 million customers, including one million this past quarter, contributing to record system-wide load factors for the second consecutive quarter.

"I would like to thank our employees for their dedication and professionalism. Their focus on the care of our customers, along with our award-winning product, is recognized by numerous industry surveys of air travellers. This year's Ipsos Reid Business Traveller Survey released in September confirms once again that Air Canada is the preferred airline for frequent business travellers by a continuingly growing margin across the country. Our investment in the well-being of our employees and commitment to provide progressive, best-practice programs has also been recognized with the recent naming of Air Canada as one of Canada's Top 100 Employers for the second year in a row. In addition, Air Canada received top honours in the transportation category of the 2014 Canada's Safest Employers Awards that recognize outstanding accomplishments of companies in Canada that promote the health and safety of their workers," concluded Mr. Rovinescu.

Third Quarter Income Statement Highlights

System passenger revenues in the third quarter of 2014 amounted to $3,476 million, an increase of $299 million or 9.4 per cent from the third quarter of 2013, on an 11.0 per cent growth in traffic as yield declined 1.3 per cent year-over-year. An increase in average stage length of 2.6 per cent, due to international long-haul growth, had the effect of reducing system yield by 1.5 percentage points.

Passenger revenue per available seat mile (PRASM) decreased 0.2 per cent from the same quarter in 2013 as the lower yield was almost fully offset by a passenger load factor improvement of 1.0 percentage points. In the third quarter of 2014, system business cabin revenues increased $31 million or 5.3 per cent on yield growth of 5.3 per cent. All markets experienced business cabin PRASM improvements year-over-year.

Operating expenses in the third quarter of 2014 amounted to $3,272 million, an increase of $209 million or 7 per cent from the third quarter of 2013 on a 9.8 per cent increase in capacity. The unfavourable impact of a weaker Canadian dollar on foreign currency denominated operating expenses (mainly U.S. dollars), when compared to same quarter in 2013, increased operating expenses by $68 million.

Air Canada's adjusted cost per available seat mile (adjusted CASM[(1)]), which excludes fuel expense, the cost of ground packages at Air Canada Vacations™ and unusual items, decreased 2.9 per cent compared to the third quarter of 2013. The 2.9 per cent reduction in adjusted CASM was less than the adjusted CASM decrease of 3.5 to 4.5 per cent projected in Air Canada's news release dated August 7, 2014. This was primarily due to higher than forecasted expenses related to employee profit sharing programs due to better than expected results and to higher than expected depreciation expense largely due to Air Canada having recorded a depreciation charge related to certain aircraft maintenance events in the third quarter of 2014.

In the third quarter of 2014, Air Canada recorded operating income of $526 million compared to operating income of $416 million in the third quarter of 2013, an improvement of $110 million or 26.4 per cent. Operating margin of 13.8 per cent improved 1.8 percentage points in the third quarter of 2014 when compared to the third quarter of 2013.

Financial and Capital Management Highlights

At September 30, 2014, unrestricted liquidity (cash, short-term investments and undrawn lines of credit) amounted to $2,802 million (September 30, 2013 – $2,412 million). Air Canada's principal objective in managing liquidity risk is to maintain a minimum unrestricted liquidity level of $1.7 billion.

At September 30, 2014, adjusted net debt(1) amounted to $4,623 million, an increase of $272 million from December 31, 2013. The airline's adjusted net debt to EBITDAR ratio improved to 2.8 at September 30, 2014 versus a ratio 3.0 at December 31, 2013. Air Canada uses this ratio to manage its financial leverage risk and its objective is to maintain the ratio below 3.5.

In the third quarter of 2014, free cash flow(1) reflected an improvement of $57 million from the third quarter of 2013 on higher cash flows generated from operating activities partly offset by an increase in capital expenditures with the addition of two Boeing 787 aircraft.

For the 12 months ended September 30, 2014, return on invested capital (ROIC(1)) was 11.4 per cent versus 10.2 per cent for the 12 months ended September 30, 2013. Air Canada's goal is to achieve a sustainable ROIC of 10 to 13 per cent by 2015.

Current Outlook

Air Canada expects fourth quarter 2014 system ASM capacity, as measured by available seat miles (ASMs), to increase by 7.75 to 8.75 per cent when compared to the fourth quarter of 2013. Air Canada expects that its fourth quarter 2014 system ASM capacity growth will be comprised of an increase in the total number of seats dispatched (system) of 6.25 to 7.25 per cent and an increase in average stage length (system) (measured by ASMs divided by seats dispatched) of approximately 1.5 per cent when compared to the same quarter in 2013.

Air Canada continues to expect its full year 2014 system ASM capacity to increase by 7.0 to 8.0 per cent. The projected system capacity increase is expected to be achieved at a unit cost which is below historical levels. For the full year 2014, Air Canada continues to expect an increase in the total number of seats dispatched (system) of 5.0 to 6.0 per cent when compared to the full year 2013. Average stage length (system) is expected to increase approximately 2.0 per cent year-over-year.

Air Canada also continues to expect its full year domestic ASM capacity to increase by 4.0 to 5.0 per cent when compared to 2013. For the full year 2014, Air Canada continues to expect an increase in the total number of seats dispatched (domestic) of 3.5 to 4.5 per cent while average stage length (domestic) is expected to increase approximately 0.5 per cent when compared to the full year 2013.

For the fourth quarter of 2014, Air Canada expects adjusted CASM to decrease in the range of 1.0 to 2.0 per cent when compared to the fourth quarter of 2013.

For the full year 2014, Air Canada now expects adjusted CASM to decrease in the range of 2.5 to 3.5 per cent from the full year 2013 (as opposed to the 3.2 to 4.2 per cent decrease projected in Air Canada's news release dated August 7, 2014), the result of increased estimates for employee profit sharing programs and higher depreciation expense related to the accounting treatment of certain maintenance events in the third quarter of 2014.

Air Canada expects its full year 2015 system capacity to increase by 9.0 to 10.0 per cent when compared to the full year 2014.

- Approximately 55 per cent of this forecasted capacity increase will be through the continued lower-cost growth of Air Canada rouge™ while approximately 38 per cent of the capacity growth will be directed at targeted international markets operated by the mainline carrier, primarily through the introduction of additional Boeing 787 Dreamliners.

- Given that a large part of this capacity growth is driven by increased seat density and longer-haul flying, for the full year 2015, seats dispatched, on a system-wide basis, are expected to increase by 6.0 to 7.0 per cent while stage length is expected to increase approximately 3.0 per cent versus the full year 2014.

Air Canada expects its full year 2015 domestic ASM capacity to increase by 4.0 to 5.0 per cent, with a large part of the growth focused on the airline's transcontinental services.

- The increase on transcontinental services is partly driven by the positioning of certain Boeing 777 and 787 aircraft at Air Canada's major hubs in Toronto and Vancouver.

- In addition, in 2015, Air Canada expects to replace eight of its Embraer 190 aircraft with three Airbus A321 and two Airbus A320 aircraft. In order to better match capacity with demand for the 2015 summer season, the airline plans to take delivery of these five replacement aircraft prior to the start of the summer season while the eight Embraer 190 aircraft are only expected to exit the mainline fleet in the latter part of 2015. The overlap of this interim lift is forecasted to account for approximately 30 per cent of the projected domestic capacity growth in 2015.

- For the full year 2015, seats dispatched in the domestic market are expected to increase by 2.5 to 3.5 per cent while stage length is expected to increase approximately 1.5 per cent versus the full year 2014.

Air Canada's outlook assumes annual Canadian GDP growth of 2.0 to 2.5 per cent for 2014 and 2015. Air Canada also expects that the Canadian dollar will trade, on average, at C$1.12 per U.S. dollar in the fourth quarter of 2014 and C$1.10 for the full year 2014 and that the price of jet fuel will average 82 cents per litre for the fourth quarter of 2014 and 90 cents per litre for the full year 2014. For the full year 2015, Air Canada also expects that the Canadian dollar will trade, on average, at C$1.11 per U.S. dollar and that the price of jet fuel will average 88 cents per litre.

The following table summarizes Air Canada's above-mentioned outlook for the fourth quarter and full year 2014 and related major assumptions:

	Fourth Quarter 2014 versus Fourth Quarter 2013	**Full Year 2014 versus Full Year 2013**
Current Outlook		
System		
Available seat miles	Increase 7.75% to 8.75%	Increase 7.0% to 8.0%
Seats dispatched	Increase 6.25% to 7.25%	Increase 5.0% to 6.0%
Average stage length	Increase approximately 1.5%	Increase approximately 2.0%
Canada		
Available seat miles		Increase 4.0% to 5.0%
Seats dispatched		Increase between 3.5 to 4.5%
Average stage length		Increase approximately 0.5%
Adjusted CASM(1)	Decrease 1.0% to 2.0%	Decrease 2.5% to 3.5%

	Major Assumptions – Fourth Quarter 2014	**Major Assumptions – Full Year 2014**
Major Assumptions		
Canadian dollar per U.S. dollar	1.12	1.10
Jet fuel price – CAD cents per litre	82 cents	90 cents
Canadian economy	2014 Annualized Canadian GDP growth of 2.0% to 2.5%	Canadian GDP growth of 2.0% to 2.5%

For the full year 2014, Air Canada also expects:

- Depreciation, amortization and impairment expense to decrease by $25 million from the full year 2013 (as opposed to the $45 million decrease projected in Air Canada's news release dated August 7, 2014). The increase in projected depreciation expense is driven by the accounting treatment of certain aircraft maintenance events in the third quarter of 2014; higher replacement rates on aircraft spare parts; and, to a lesser extent, other factors, including the impact of foreign exchange rates.

- Employee benefits expense to decrease by $65 million from the full year 2013 (as opposed to the $35 million decrease projected in Air Canada's news release dated August 7, 2014). This improvement in employee benefits expense is driven by revised actuarial assumptions which impact the current service cost of pension plans.

- Aircraft maintenance expense to increase $80 million (approximately $40 million of which is expected to be due to the weaker Canadian dollar when compared to the U.S. dollar) from the full year 2013 (as opposed to the $65 million increase projected in Air Canada news release dated August 7, 2014). This increase in aircraft maintenance expense is driven by revised estimates on end of lease maintenance costs as well as an increase in component maintenance activity.

- Net financing expense relating to employee benefits (in non-operating expense on Air Canada's statement of operations) to decrease by $75 million from the full year 2013.

The following table summarizes the above-mentioned projections for the full year 2014:

	Full Year 2014 versus Full Year 2013
Depreciation, amortization and impairment expense	Decrease $25 million
Employee benefits expense	Decrease $65 million
Aircraft maintenance expense	Increase $80 million
Net financing expense relating to employee benefits (in non-operating expense)	Decrease of $75 million

The following table summarizes Air Canada's previously-mentioned outlook for the full year 2015 and related major assumptions:

	Full Year 2015 versus Full Year 2014
Current Outlook	
System	
Available seat miles	Increase 9.0% to 10.0%
Seats dispatched	Increase 6.0% to 7.0%
Average stage length	Increase approximately 3.0%
Canada	
Available seat miles	Increase 4.0% to 5.0%
Seats dispatched	Increase 2.5% to 3.5%
Average stage length	Increase approximately 1.5%

	Major Assumptions – Full Year 2015
Major Assumptions	
Canadian dollar per U.S. dollar	$1.11
Jet fuel price – CAD cents per litre	88 cents
Canadian economy	Canadian GDP growth of 2.0% to 2.5%

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 to provide additional information on its financial and operating performance. Such measures are not recognized measures for financial statement presentation under Canadian GAAP and do not have standardized meanings and may not be comparable to similar measures presented by other public companies. Refer to Air Canada's Third Quarter 2014 MD&A for reconciliation of non-GAAP financial measures.

- Adjusted net income (loss) and adjusted net income (loss) per diluted share are used by Air Canada to assess its performance without the effects of foreign exchange, net financing expense on employee benefits, mark-to-market adjustments on fuel and other derivatives and unusual items.

- EBITDAR is commonly used in the airline industry and is used by Air Canada to assess earnings 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.

- Adjusted CASM is used by Air Canada to assess the operating performance of its ongoing airline business without the effects of fuel expense, the cost of ground packages at Air Canada Vacations and unusual items, as such expenses may distort the analysis of certain business trends and render comparative analysis to other airlines less meaningful.

- Free cash flow is used by Air Canada as an indicator of the financial strength and performance of its business because it shows how much cash is available for such purposes as repaying debt, meeting ongoing financial obligations and reinvesting in Air Canada.

- Adjusted net debt is a key component of the capital managed by Air Canada and provides a measure of the airline's net indebtedness. Adjusted net debt is calculated as the sum of total long-term debt and finance lease obligations and capitalized operating leases less cash and cash equivalents and short-term investments.

- Return on invested capital (ROIC) is used by Air Canada to assess the efficiency with which it allocates its capital to generate returns. Return is based on Adjusted net income (loss) (as referred to in the above paragraph), excluding interest expense and implicit interest on operating leases. Invested capital includes average year-over-year total assets, net of average year-over-year non-interest-bearing operating liabilities, and the value of capitalized operating leases (calculated by multiplying annualized aircraft rent by 7). In the second quarter of 2014, Air Canada changed its approach in calculating invested capital from a financing method to an investing method. Management believes this change provides more relevant information as the return is based on the book value of invested capital used for operations and is not subject to changes in the market price of Air Canada's outstanding shares.

Air Canada's Third Quarter 2014 Interim Consolidated Financial Statements and Notes and its Third Quarter 2014 Management's Discussion and Analysis 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 28, 2014, consult SEDAR at **www.sedar.com**.

Analyst Conference Call Advisory

Air Canada will host its quarterly analysts' call today, November 6, 2014 at 09:00 ET. Calin Rovinescu, President and Chief Executive Officer, Michael Rousseau, Executive Vice President and Chief Financial Officer, and Ben Smith, President, Passenger Airlines, will be available for analysts' questions. Immediately following the analysts' Q&A session, Michael Rousseau, Executive Vice President and Chief Financial Officer, and Pierre Houle, Managing Director and Treasurer, will be available to answer questions from holders of Air Canada's bonds and term loan B lenders. Media and the public may access this call on a listen-in basis. Details are as follows:

Dial 416-340-2218 or 1-866-225-0198

Live audio webcast: **http://bell.media-server.com/m/p/r9su69yz**

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 by the use of 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, 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, competition, employee and labour relations, 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 this news release and those identified in section 18 "Risk Factors" of Air Canada's 2013 MD&A dated February 12, 2014. The forward-looking statements contained 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 as a result of new information, future events or otherwise, except as required under applicable securities regulations.*

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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		
	2014	**2013**	**$ Change**	**2014**	**2013**	**$ Change**
Financial Performance Metrics						
Operating revenues	3,798	3,479	319	10,168	9,488	680
Operating income	526	416	110	709	484	225
Non-operating expense [1]	(203)	(125)	(78)	(504)	(476)	(28)
Net income	323	299	24	205	16	189
Adjusted net income [2]	457	365	92	464	337	127
Operating margin %	13.8%	12.0%	1.8 pp	7.0%	5.1%	1.9 pp
EBITDAR [3]	749	626	123	1,352	1,156	196
EBITDAR margin % [3]	19.7%	18.0%	1.7 pp	13.3%	12.2%	1.1 pp
Unrestricted liquidity [4]	2,802	2,412	390	2,802	2,412	390
Free cash flow [5]	(192)	(249)	57	(194)	45	(239)
Adjusted net debt [6]	4,623	4,104	519	4,623	4,104	519
Return on invested capital (“ROIC”) % [7]	11.4%	10.2%	1.2 pp	11.4%	10.2%	1.2 pp
Net income per share – diluted	$ 1.10	$ 1.05	$ 0.05	$ 0.69	$ 0.05	$ 0.64
Adjusted net income per share – diluted [2]	$ 1.55	$ 1.29	$ 0.26	$ 1.58	$ 1.19	$ 0.39
Operating Statistics [8]			**% Change**			**% Change**
Revenue passenger miles (millions) (“RPM”)	18,565	16,726	11.0	47,526	43,906	8.2
Available seat miles (millions) (“ASM”)	21,299	19,404	9.8	56,486	52,540	7.5
Passenger load factor %	87.2%	86.2%	1.0 pp	84.1%	83.6%	0.6 pp
Passenger revenue per RPM ("Yield") (cents)	18.5	18.8	(1.3)	18.8	19.0	(1.1)
Passenger revenue per ASM ("PRASM") (cents)	16.1	16.2	(0.2)	15.8	15.9	(0.4)
Operating revenue per ASM (cents)	17.8	17.9	(0.5)	18.0	18.1	(0.3)
Operating expense per ASM ("CASM") (cents)	15.4	15.8	(2.6)	16.7	17.1	(2.3)
Adjusted CASM (cents) [9]	10.1	10.4	(2.9)	11.1	11.5	(3.5)
Average number of full-time equivalent (“FTE”) employees (thousands) [10]	24.6	24.5	0.3	24.5	24.6	(0.4)
Aircraft in operating fleet at period-end	362	351	3.1	362	351	3.1
Average fleet utilization (hours per day)	10.8	10.8	0.3	10.2	10.3	(0.7)
Seats dispatched (thousands)	13,518	12,633	7.0	37,403	35,586	5.1
Aircraft frequencies (thousands)	150	146	3.0	420	417	0.9
Average stage length (miles) [11]	1,576	1,536	2.6	1,510	1,476	2.3

Economic fuel cost per litre (cents) [12]	90.0	89.6	0.4	91.9	89.2	3.0
Fuel litres (millions)	1,200	1,111	8.0	3,221	3,050	5.6
Revenue passengers carried (thousands) [13]	10,979	9,968	10.1	29,337	27,261	7.6

(1) In the third quarter of 2013, Air Canada recorded an interest charge of $95 million related to the purchase of its senior secured notes due in 2015 and 2016.

(2) Adjusted net income (loss) and adjusted net income (loss) per share – diluted are non-GAAP financial measures. Refer to section 16 "Non-GAAP Financial Measures" of Air Canada's Third Quarter 2014 MD&A for additional information.

(3) EBITDAR (earnings before interest, taxes, depreciation, amortization, impairment and aircraft rent) is a non-GAAP financial measure. Refer to section 16 "Non-GAAP Financial Measures" of Air Canada's Third Quarter 2014 MD&A for additional information.

(4) 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, 2014, unrestricted liquidity was comprised of cash and short-term investments of $2,528 million and undrawn lines of credit of $274 million. At September 30, 2013, unrestricted liquidity was comprised of cash and short-term investments of $2,309 million and undrawn lines of credit of $103 million.

(5) Free cash flow (cash flows from operating activities less additions to property, equipment and intangible assets) is a non-GAAP financial measure. Refer to section 7.5 "Consolidated Cash Flow Movements" of Air Canada's Third Quarter 2014 MD&A for additional information.

(6) Adjusted net debt (total debt less cash, cash equivalents and short-term investments plus capitalized operating leases) is a non-GAAP financial measure. Refer to section 7.3 "Adjusted Net Debt" of Air Canada's Third Quarter 2014 MD&A for additional information.

(7) Return on invested capital ("ROIC") is a non-GAAP financial measure. Refer to section 16 "Non-GAAP Financial Measures" of Air Canada's Third Quarter 2014 MD&A for additional information.

(8) Operating statistics (except for average number of FTE employees) include third party carriers (such as Jazz Aviation LP ("Jazz") and Sky Regional Airlines Inc. ("Sky Regional")) operating under capacity purchase agreements with Air Canada.

(9) Adjusted CASM is a non-GAAP financial measure. Refer to section 16 "Non-GAAP Financial Measures" of Air Canada's Third Quarter 2014 MD&A for additional information.

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

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

(12) Includes fuel handling expenses. Economic fuel price per litre is a non-GAAP financial measure. Refer to sections 4 and 5 "Results of Operations" of Air Canada's Third Quarter 2014 MD&A for additional information.

(13) Revenue passengers are counted on a flight number basis which is consistent with the IATA definition of revenue passengers carried.