

# First Quarter 2005

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***Preliminary & Unaudited***

***May 13, 2005***

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# ACE Operating Results Improve By \$135 Million

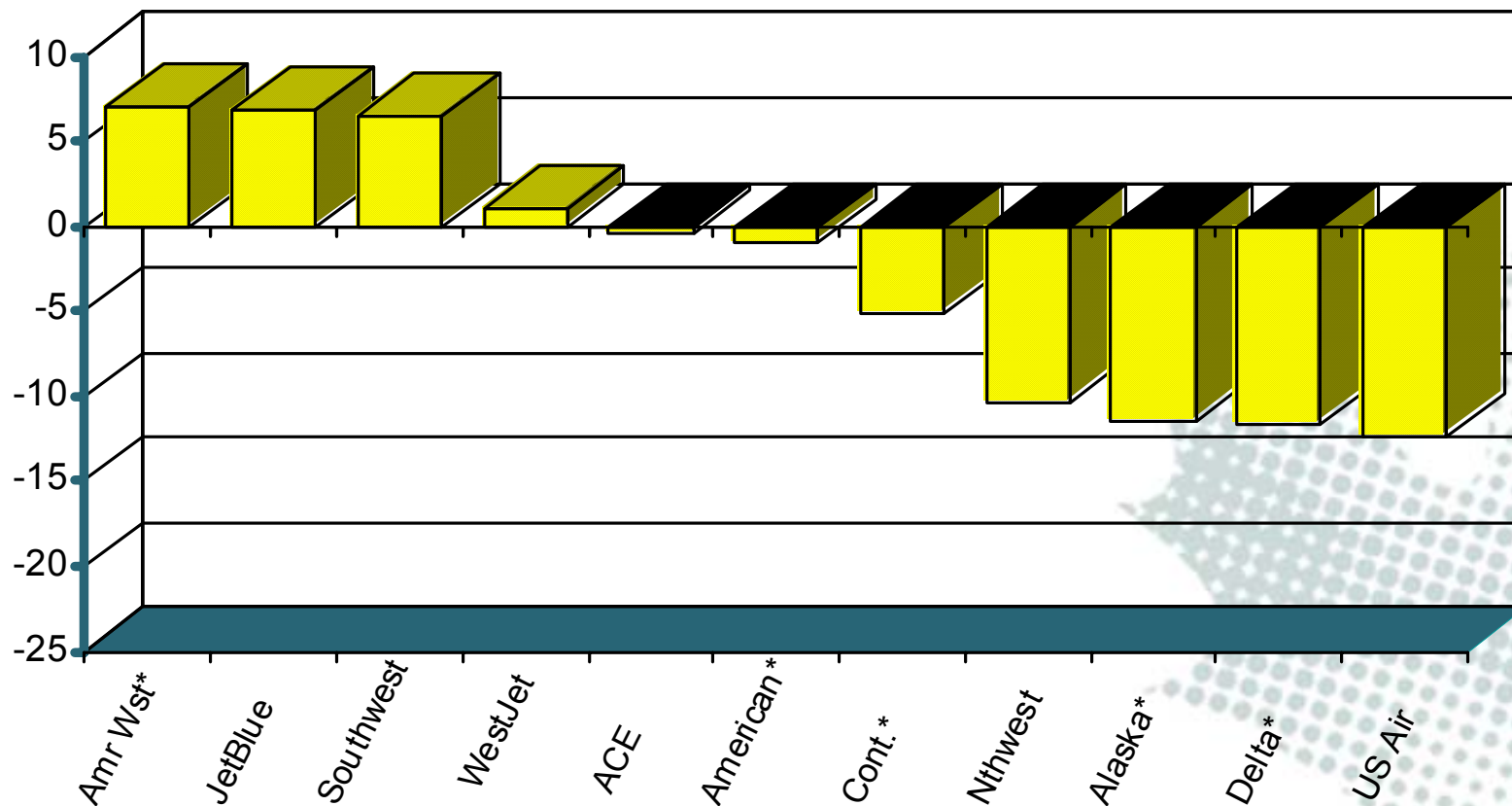
Consolidated ( <i>millions</i> )	Q1 2005	Q1 2004	Change Fav./( <i>Unfav.</i> )
<b>Oper. Revenue</b>	\$2,177	\$2,121	\$ 56
<b>Oper. Expense</b>	2,187	2,266	79
<b>Oper. Income</b>	<b>(10)</b>	<b>(145)</b>	<b>135</b>
<b>Non-oper. Income (Expense)</b>	(66)	(43)	(23)
<b>Inc. (Loss) Before Reorg., FX &amp; Tax</b>	<b>(76)</b>	<b>(188)</b>	<b>112</b>
Reorganization Items	0	(132)	132
FX on LT Monetary Items	(15)	17	(32)
<b>Income (Loss) Before Tax</b>	<b>\$ (91)</b>	<b>\$ (303)</b>	<b>\$ 212</b>

# Q1 Net Int. Exp. Up \$17 Mln Due Reclass. of Some Oper. Leases as Capital Leases Plus Vie's

<i>(millions)</i>	Q1 2005	Change Fav./Unfav.)
<b>Net Interest Inc. (Exp.)</b>	\$ (60)	\$ (17)
<b>Gain (Loss) on Sale</b>	0	3
<b>Other Non-Operating Inc. (Exp.)</b>	(6)	(9)
<b>Total Non-Operating Inc. (Exp.)</b>	<b>\$ (66)</b>	<b>\$ (23)</b>

# ACE's Close to Breakeven Q1 Operating Results Beats North American Legacy Carriers

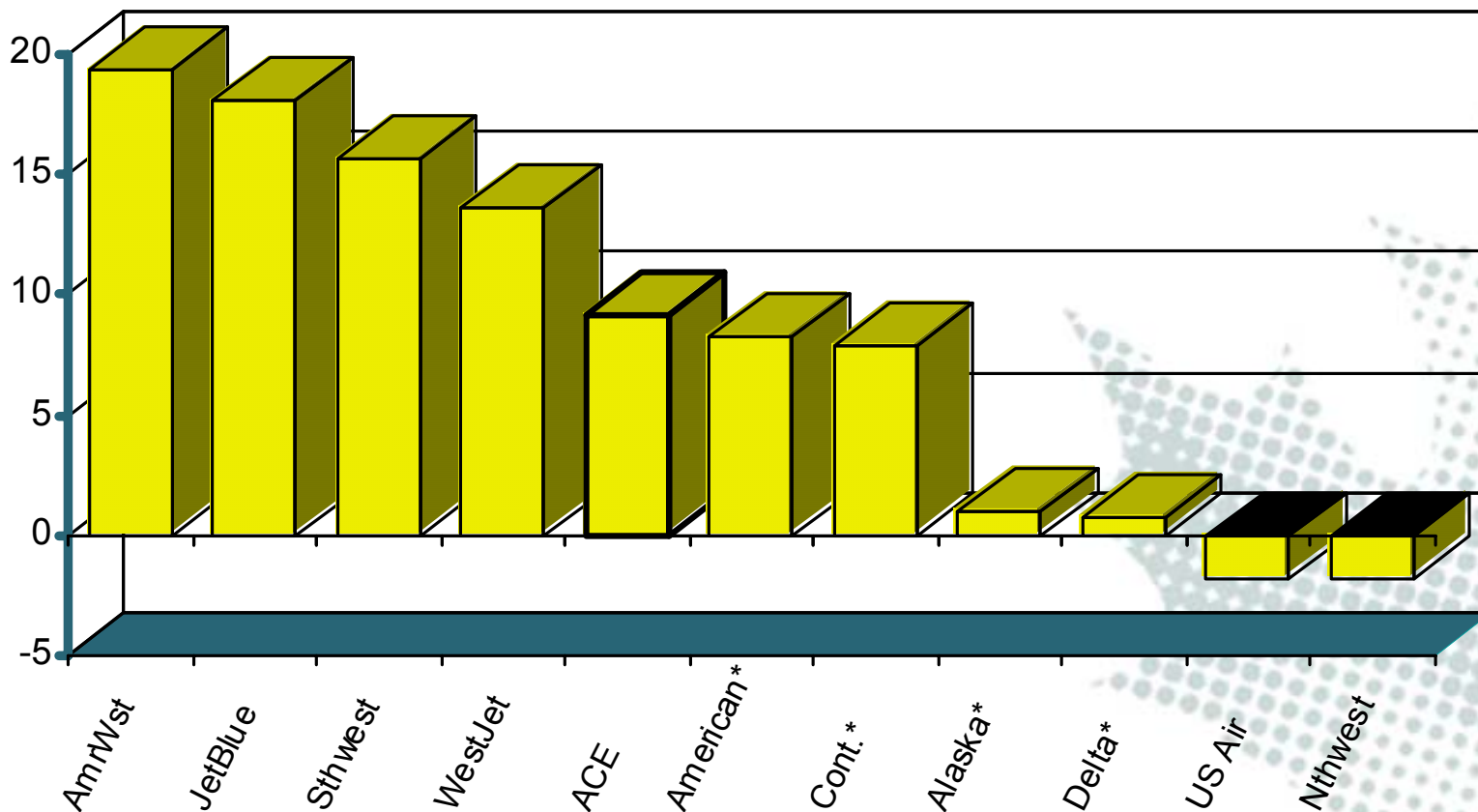
% Operating Margin



\* Adjusted for non recurring & special items

# ACE's Q1 EBITDAR Margin of 9.2% Also Beats Legacy Carriers

% EBITDAR Margin



\* Adjusted for non recurring & special items

# Q1 2005

## Actual vs Prior Year (1)

### Mainline Operations

	ASMs	RPMs	PLF	Yield	RASM	Rev
Canada	↓ 4.6%	↑ 1.6%	↑ 4.8 PP	↓ 4.8%	↑ 1.4%	↓ 3.3%
US Transborder	↓ 10.5%	↓ 0.3%	↑ 7.7 PP	↓ 8.5%	↑ 1.9%	↓ 8.7%
Atlantic	↓ 2.6%	↑ 3.7%	↑ 4.9 PP	↑ 3.8%	↑ 10.5%	↑ 7.7%
Pacific	↑ 5.1%	↑ 7.7%	↑ 2.0 PP	↑ 5.5%	↑ 8.1%	↑ 13.6%
SPac/LA/Carib	↑ 13.2%	↑ 17.6%	↑ 3.0 PP	↓ 4.2%	↓ 0.4%	↑ 12.7%
<b>Total</b> (excluding Aeroplan)	↓ 1.6%	↑ 4.8%	↑ 4.8 PP	↓ 3.5%	↑ 2.8%	↑ 1.2%
<b>Total</b> (including Aeroplan) (1)	↓ 1.6%	↑ 4.8%	↑ 4.8 PP	↑ 0.2%	↑ 6.7%	↑ 5.0%
			<b>Total Expense*</b>			↓ 3.8%
			<b>Total CASM*</b>		↓ 2.2%	
			<b>Total Net CASM*</b>		↓ 1.6%	

1) Beginning in Oct 2004, Aeroplan air redemption revenues are recorded on psgr. revenues. Previously, these revenues were recorded in incidental revenues.

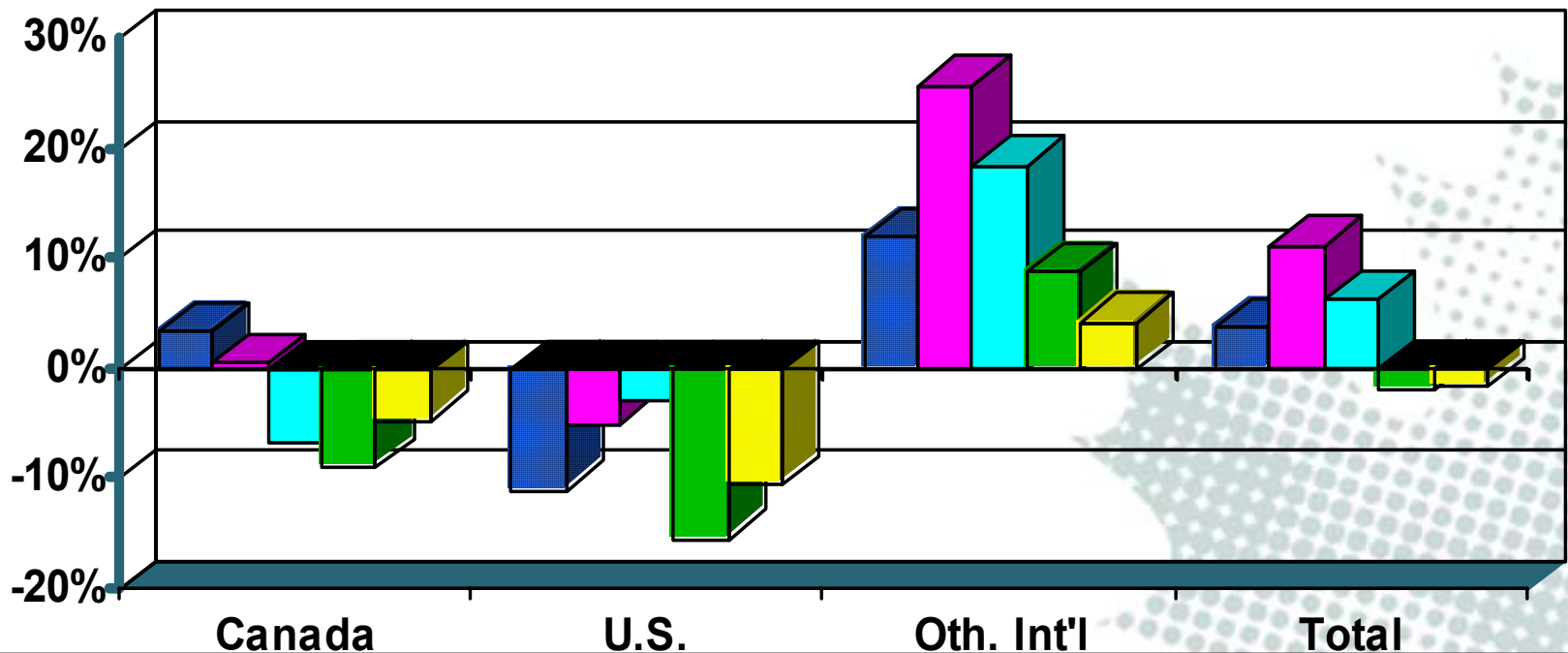
\* Before reorganization items & FX on compromised debt.



# Continued North Amer. Capacity Reduction – Int'l Expansion Driven by Latin America and Pacific

(Y-O-Y Changes in Mainline Capacity)

*% Change in ASMs*



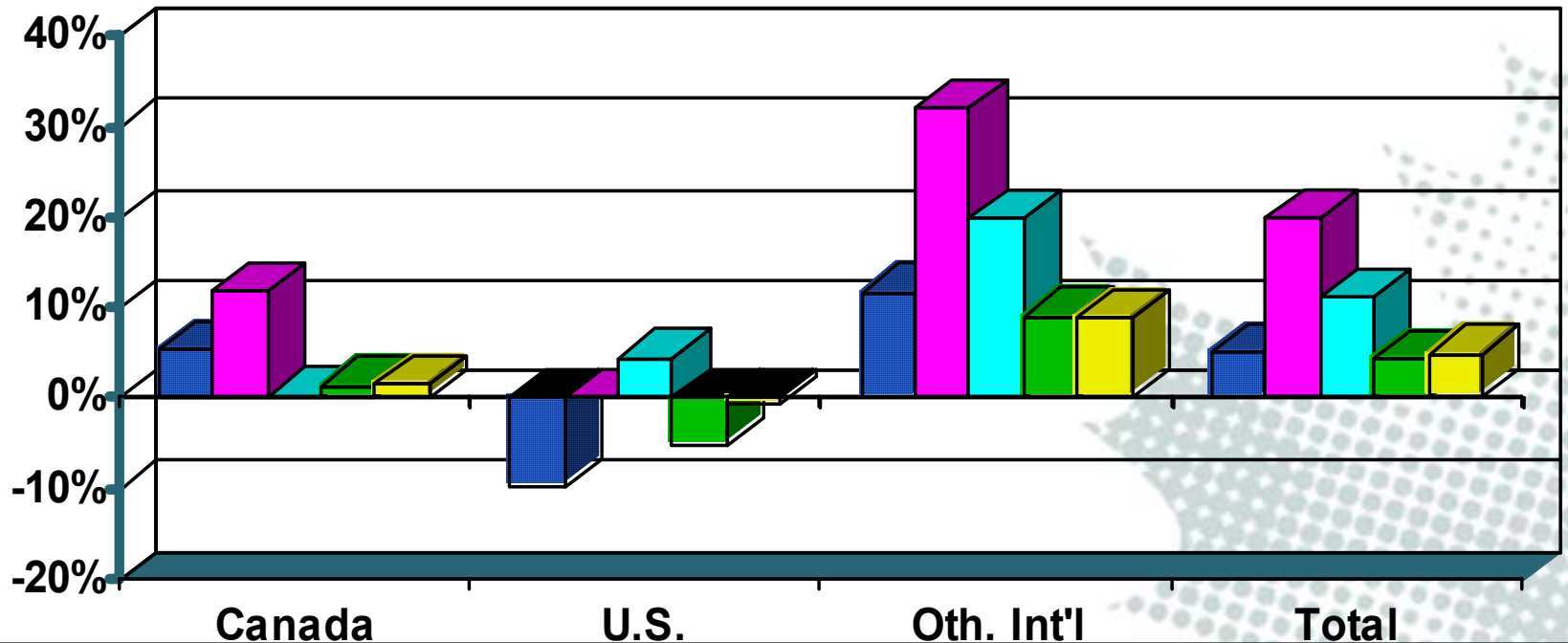
■ Q1 2004/2003   
 ■ Q2 2004/2003   
 ■ Q3 2004/2003   
 ■ Q4 2004/2003   
 ■ Q1 2005/2004



# Dom. Traffic Continues to Grow Despite Capacity Reduction. International Remains Very Strong

(Y-O-Y Changes in Mainline Traffic)

*% Change in RPMs*

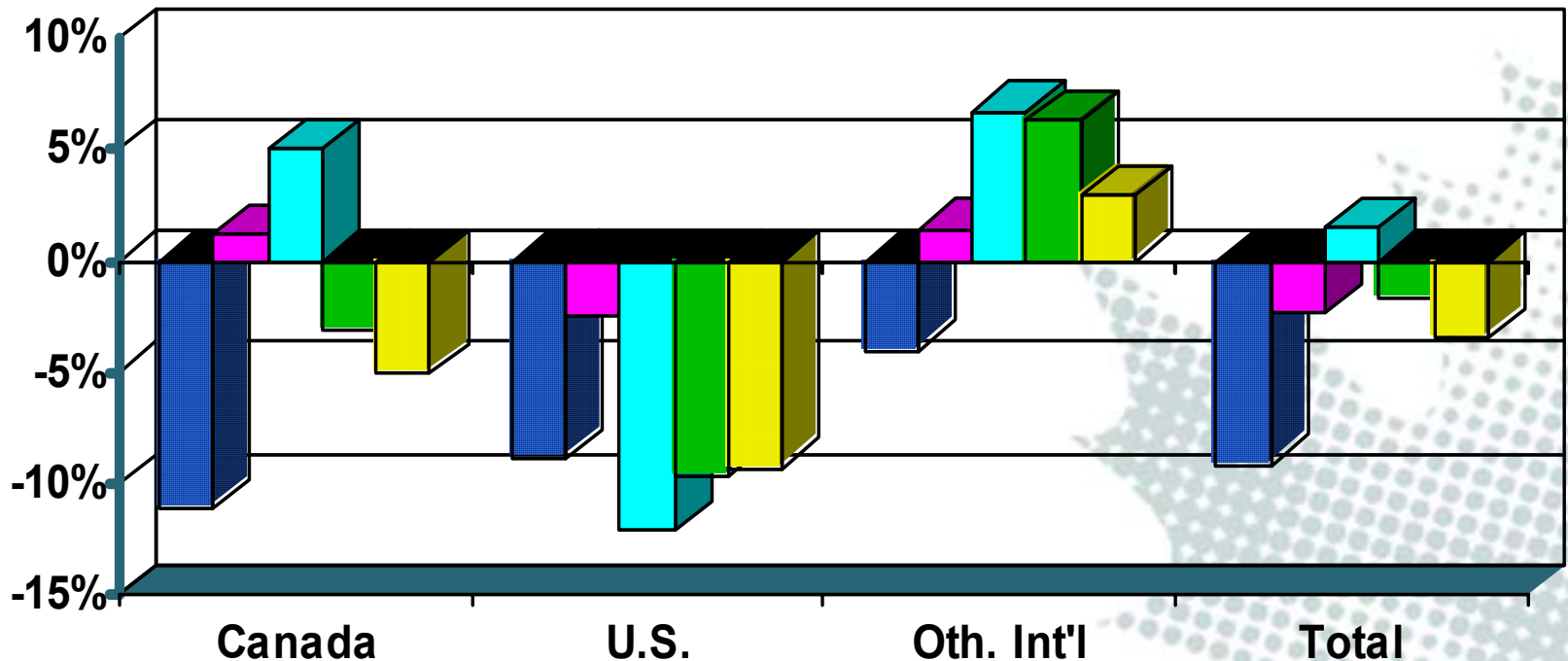


■ Q1 2004/2003   ■ Q2 2004/2003   ■ Q3 2004/2003   ■ Q4 2004/2003   ■ Q1 2005/2004

# Weak North America Yields Pull Down System Average

(Y-O-Y Changes in Mainline Passenger Yield)

*% Change in Yield*

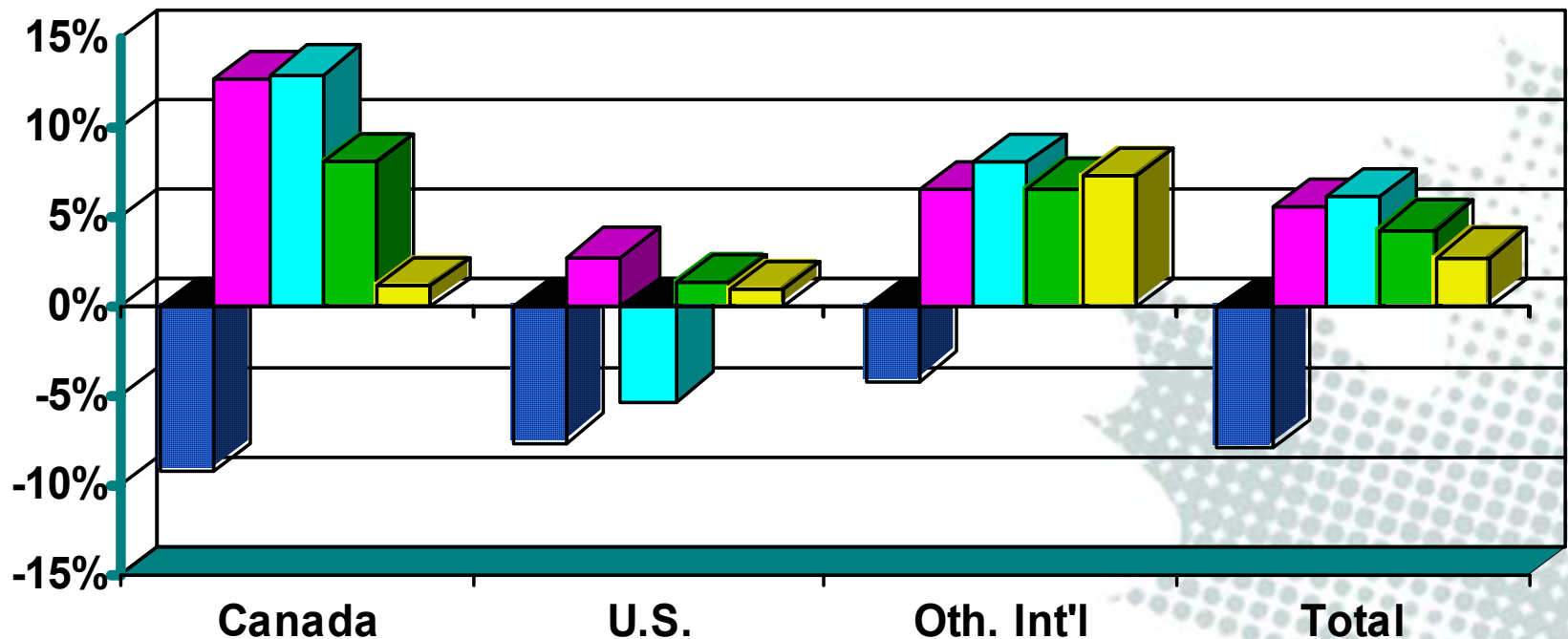


■ Q1 2004/2003 ■ Q2 2004/2003 ■ Q3 2004/2003 ■ Q4 2004/2003 ■ Q1 2005/2004

# RASMs in All Markets Are Up as Much Higher Load Factors Push Up Unit Revenue

(Y-O-Y Changes in Mainline Revenue per ASM)

*% Change in RASM*

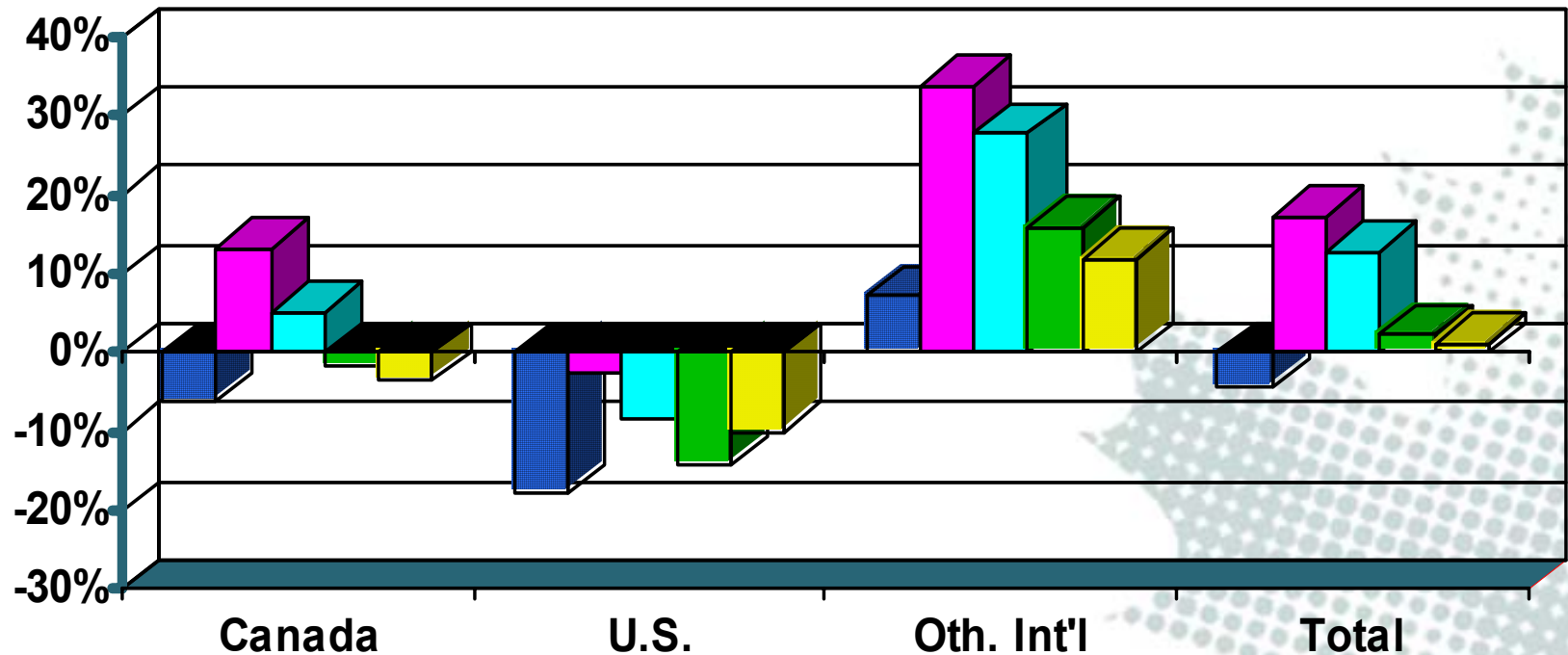


■ Q1 2004/2003   ■ Q2 2004/2003   ■ Q3 2004/2003   ■ Q4 2004/2003   ■ Q1 2005/2004

# Strong Intn'l Rev. More Than Offset Transborder Decline and Lower Mainline Dom. (reflects shift to Jazz)

(Y-O-Y Changes in Mainline Passenger Revenue)

*% Change in Revenue*

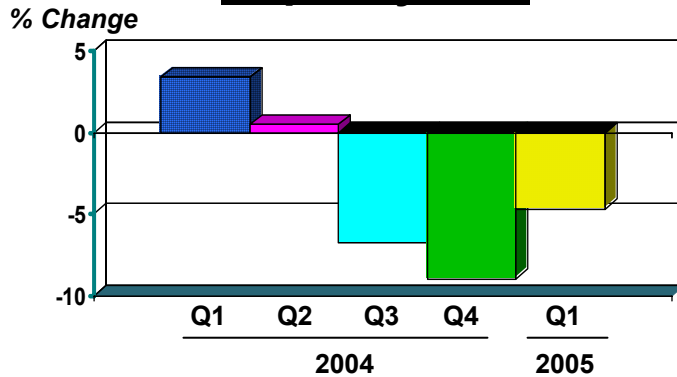


■ Q1 2004/2003   ■ Q2 2004/2003   ■ Q3 2004/2003   ■ Q4 2004/2003   ■ Q1 2005/2004

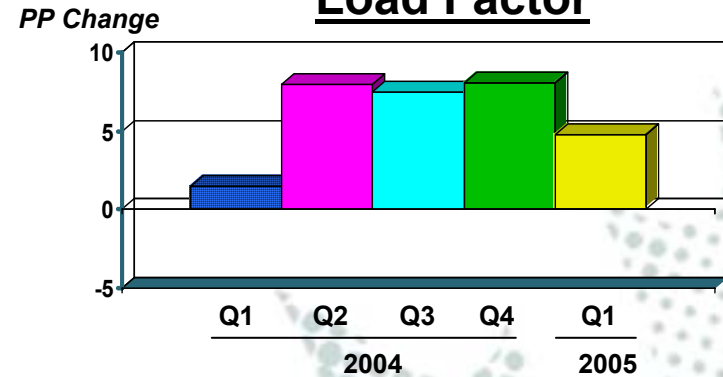
# Canada\* – Q1 RASM Up on 4.8 PP Load Factor Improvement Following Capacity Reduction

## Y-O-Y Change

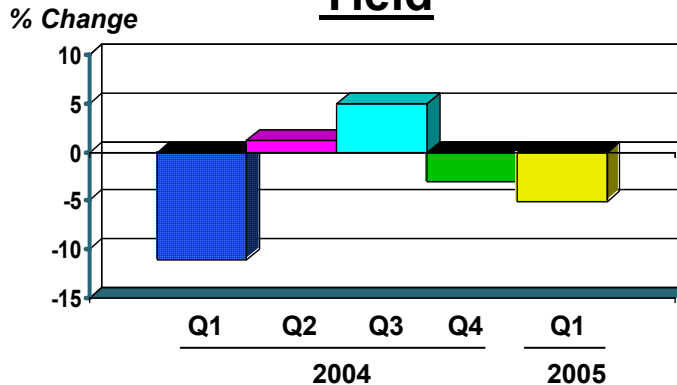
### Capacity (ASM)



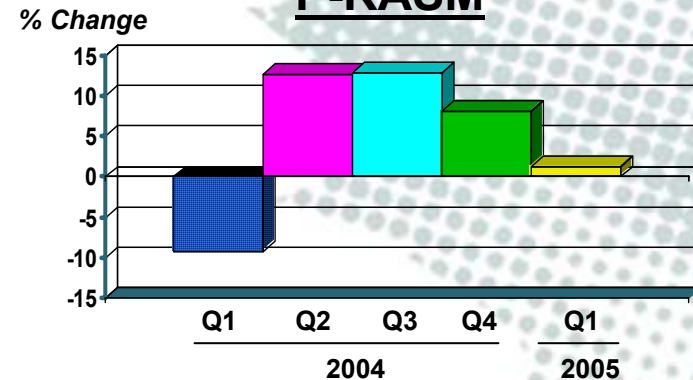
### Load Factor



### Yield



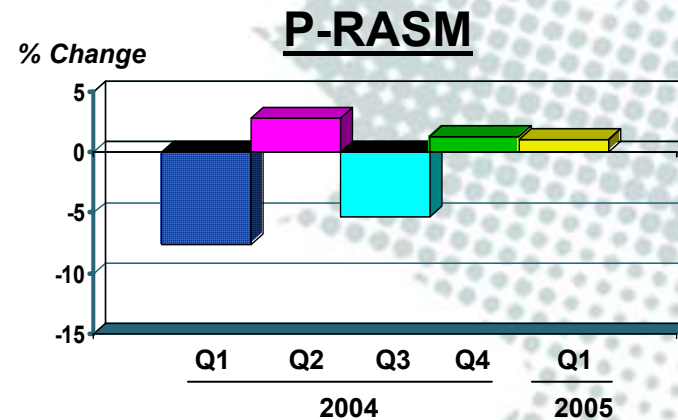
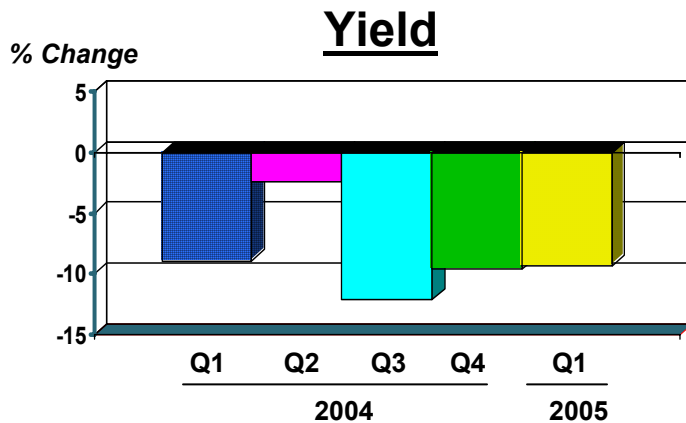
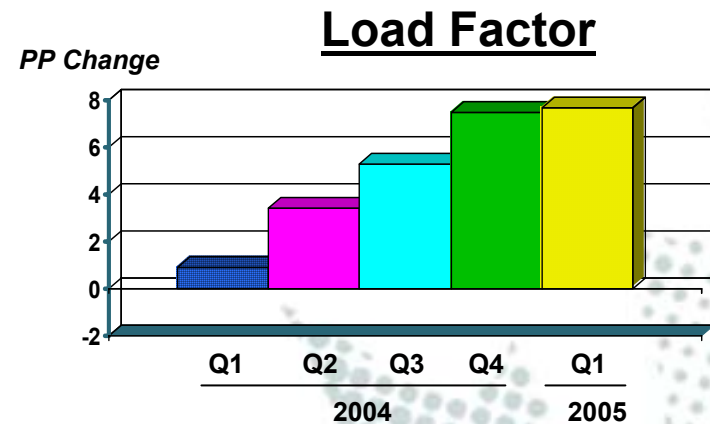
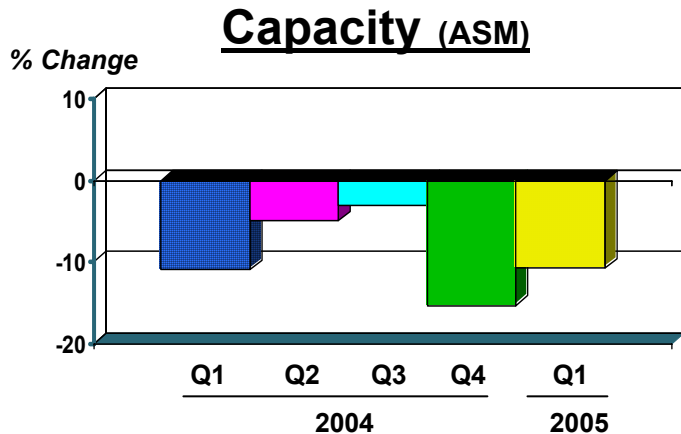
### P-RASM



\*Mainline excluding Jazz

# US Transborder\* – 10.8% Capacity Cut Drives Load Factor and RASM Up

## Y-O-Y Change

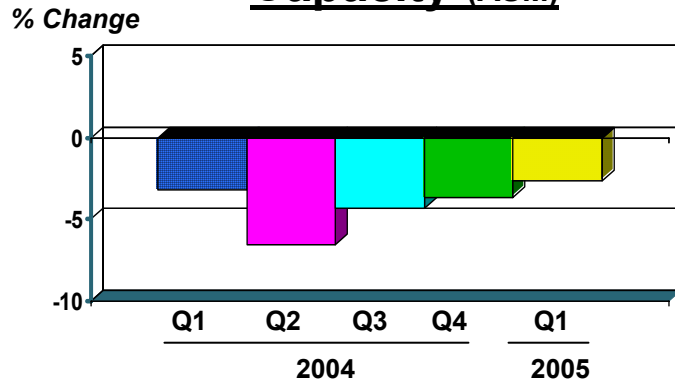


\*Mainline excluding Jazz

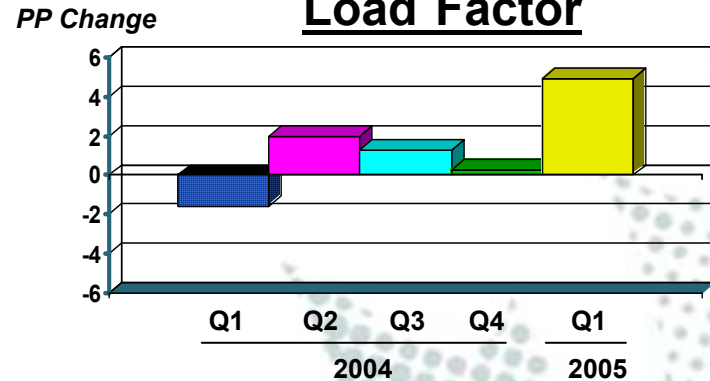
# Atlantic\* – Strong Pricing & Increased Demand Pushes RASM Up 10.5%

## Y-O-Y Change

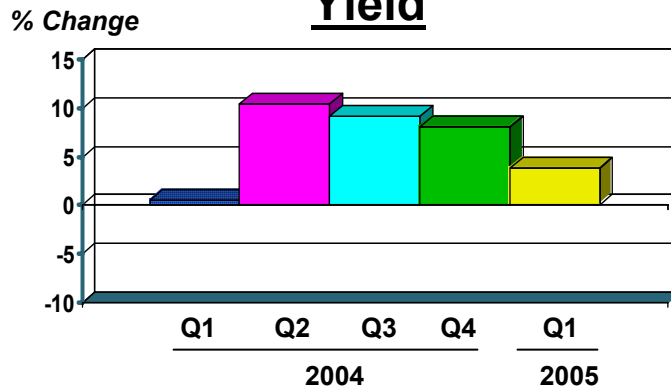
### Capacity (ASM)



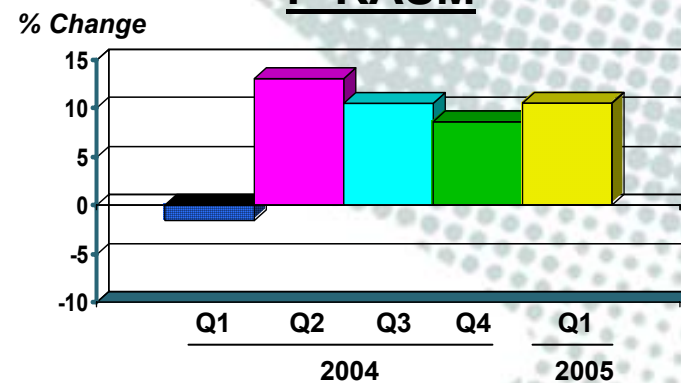
### Load Factor



### Yield



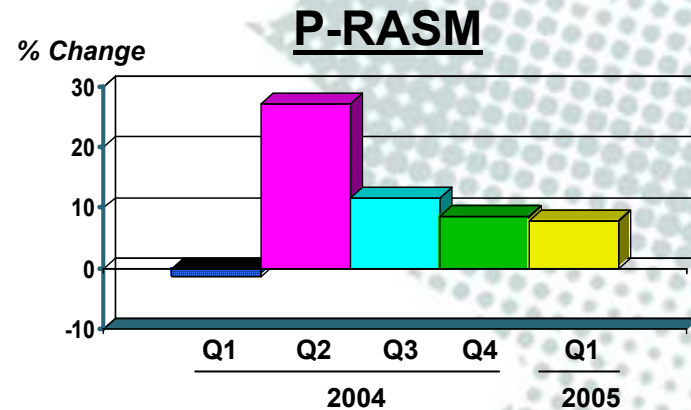
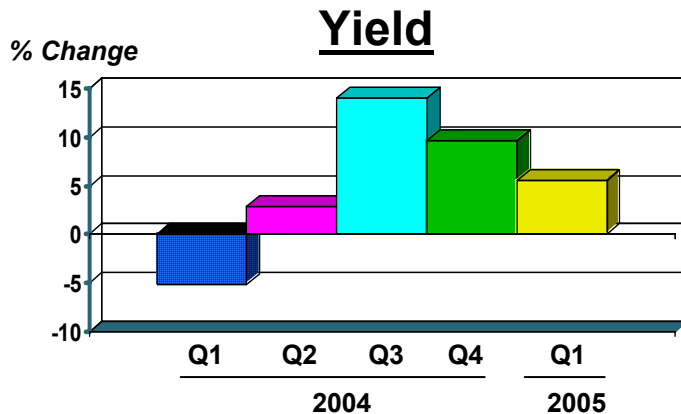
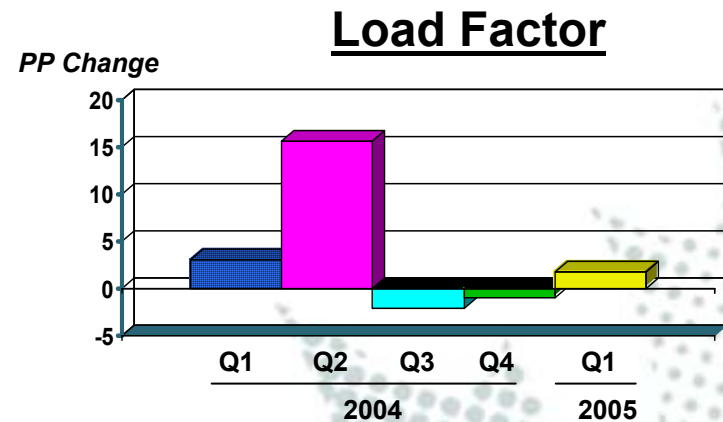
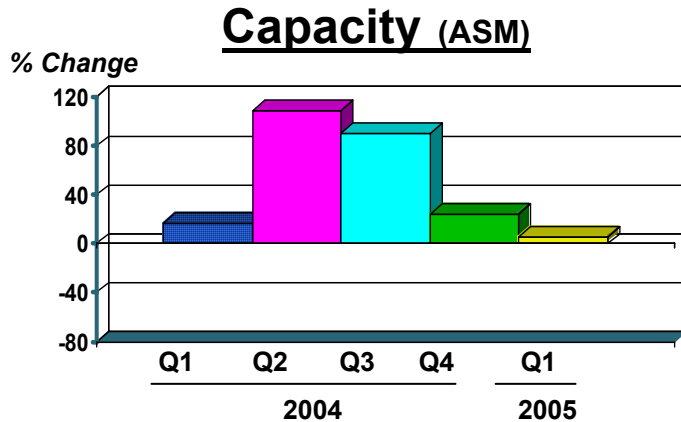
### P-RASM





# Pacific\* – Strong Pricing Also Pushes Pacific RASM Up

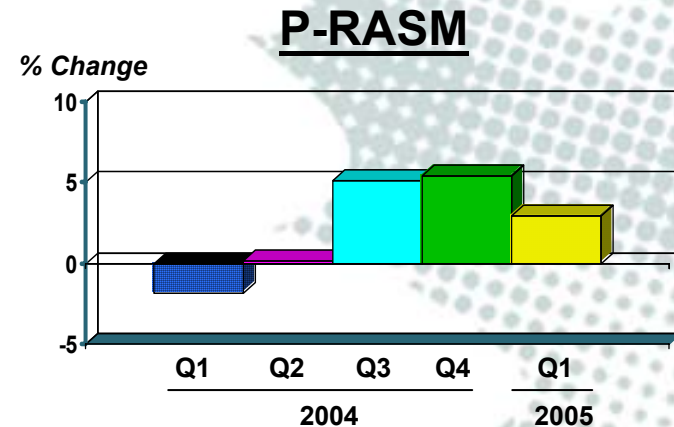
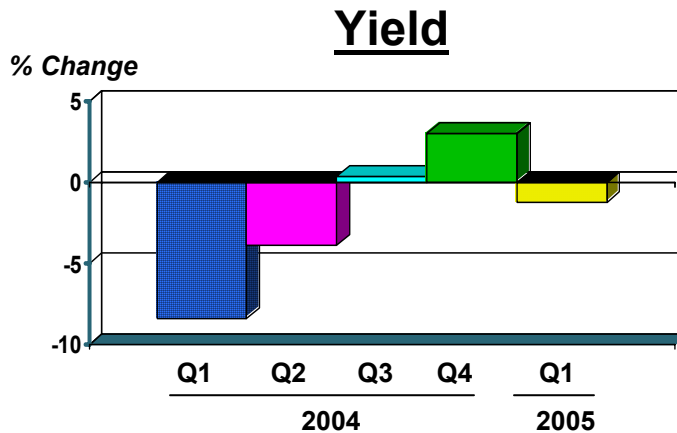
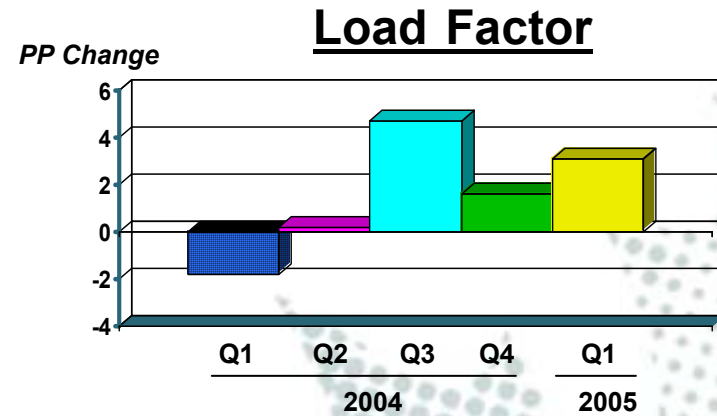
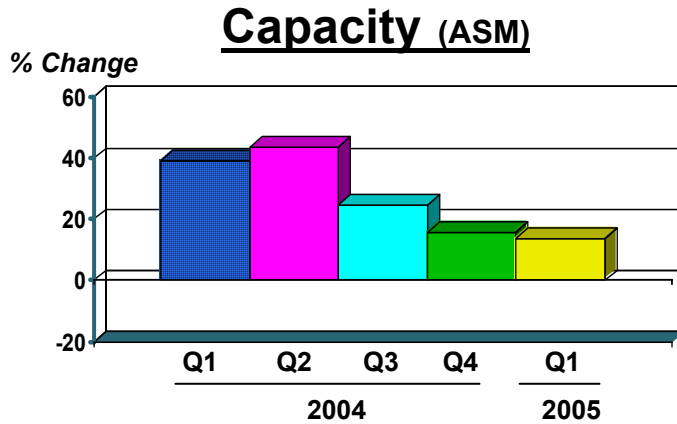
## Y-O-Y Change



\*Mainline

# Caribbean, Latin America & Australia\* – Higher Load Factor Pushes RASM Up

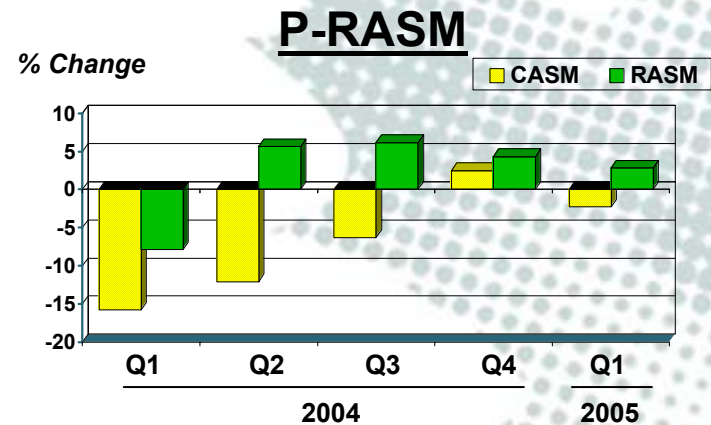
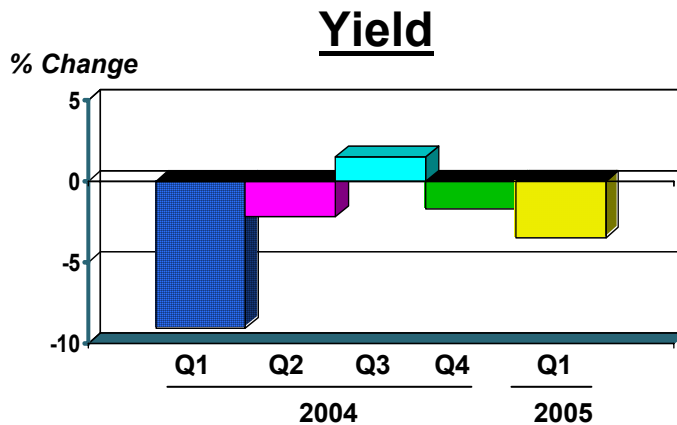
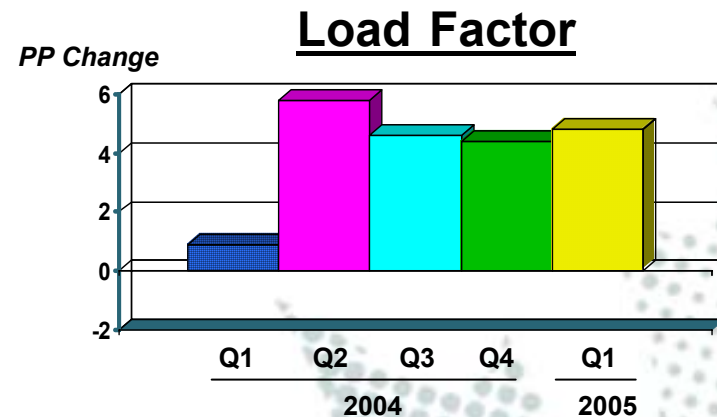
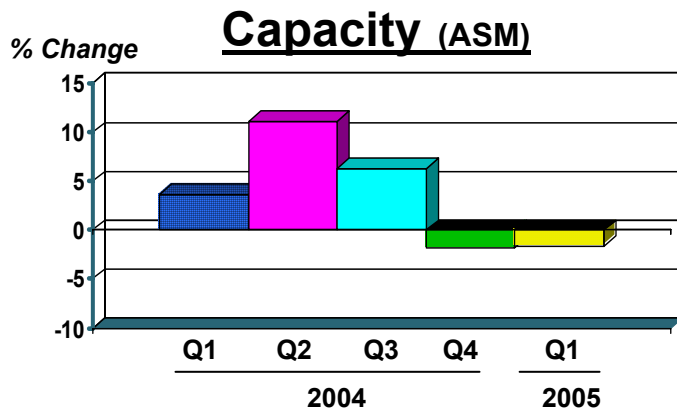
## Y-O-Y Change



\*Mainline

# Total\* – Strong Traffic on Reduced Capacity Pushes Up Load Factor and RASM

## Y-O-Y Change

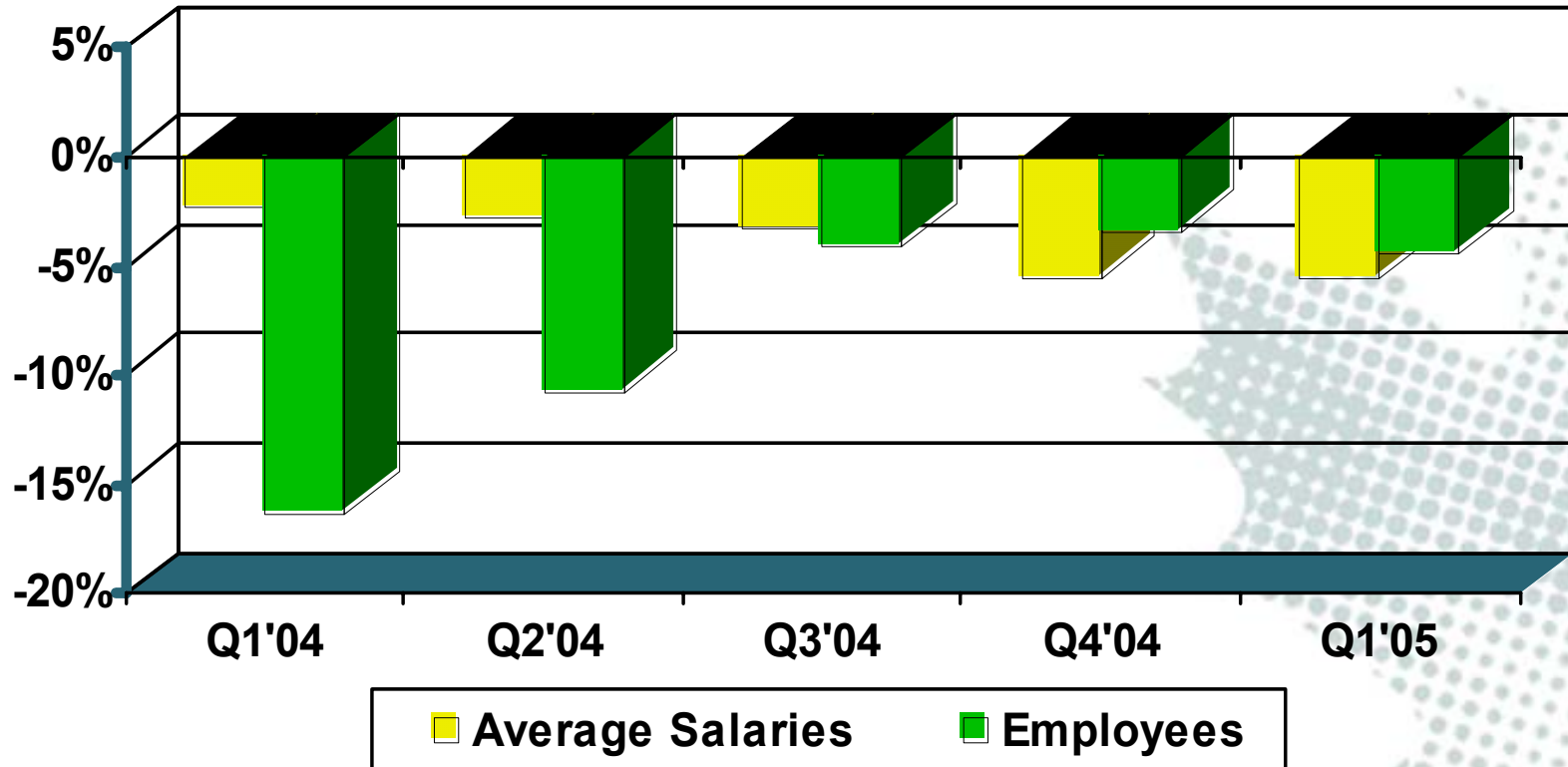


\*Mainline excluding Jazz

# Average Salary Down 5.6%, Employee Levels Down 1,293 or 4.4%

(Y-O-Y Change – Average Salaries\* & Employees\*)

% Change Y-O-Y

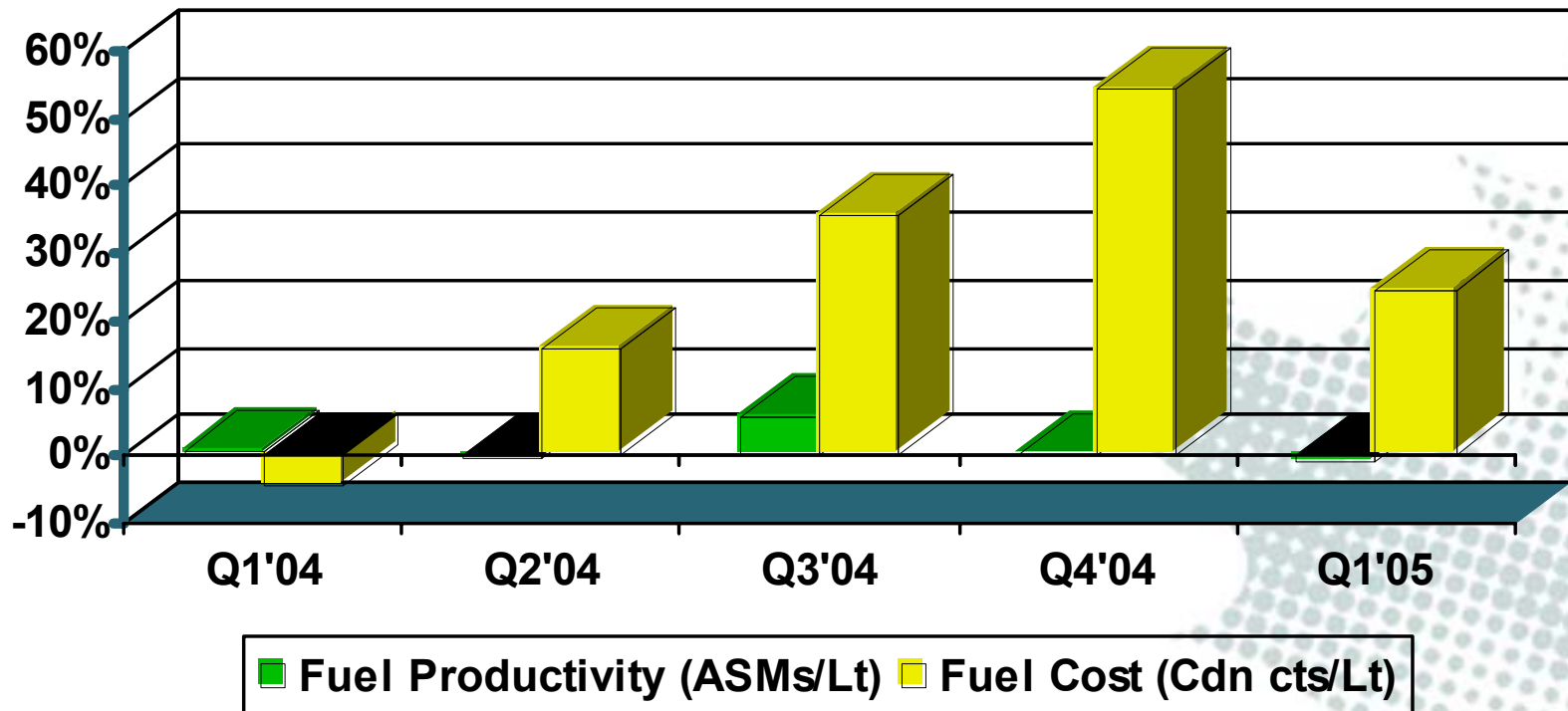


\*Mainline excluding Jazz

# Mainline Cost Per Litre Up 24.7% While Fuel Productivity Declined 1.0%

(Fuel Productivity\* & Unit Cost\*)

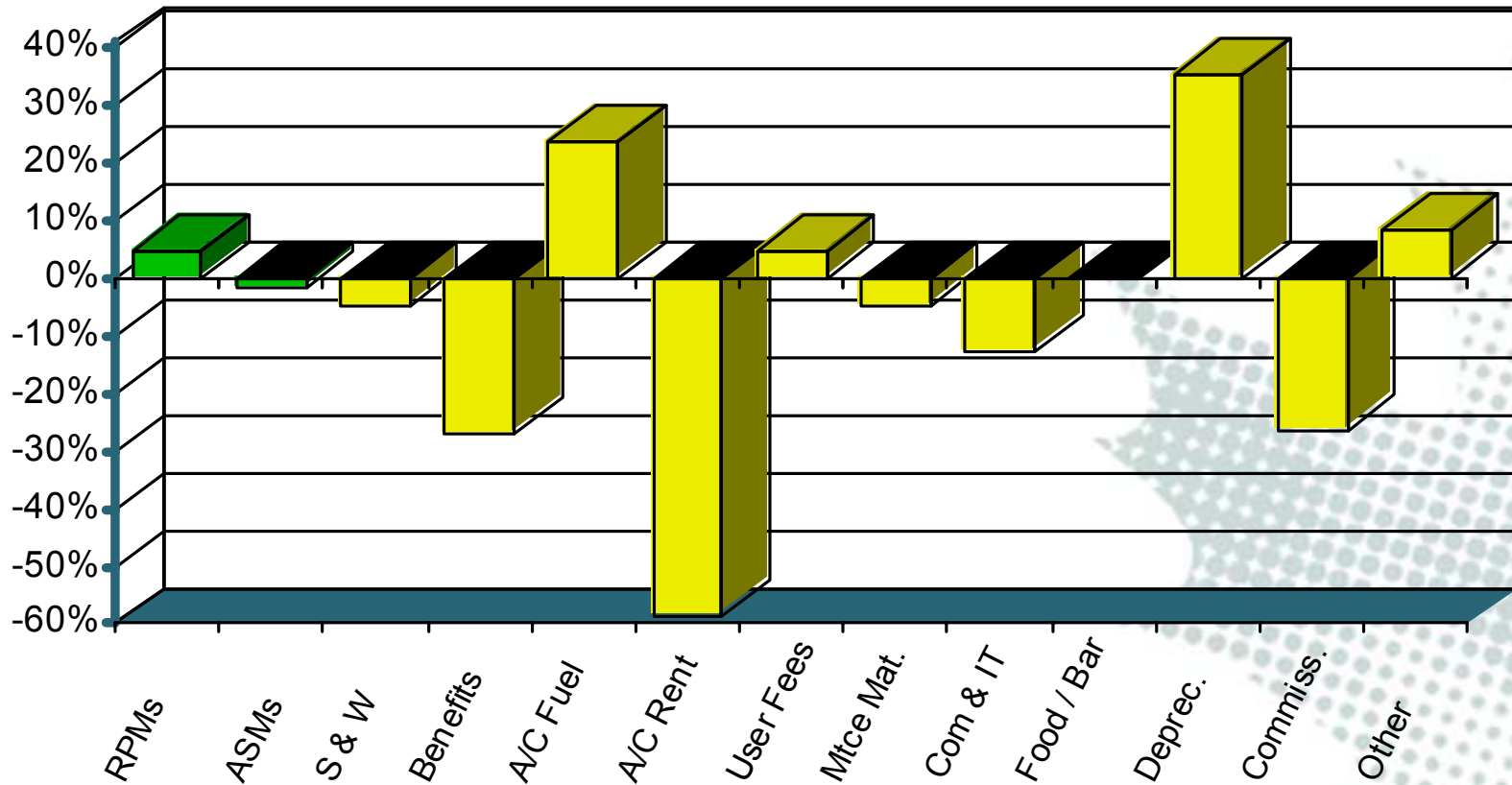
*% Change Y-O-Y*



\*Mainline excluding Jazz

# Higher Terminal Handling Charges, Credit Card Fees & Non-air Redemption Exp. Push Up "Other" Cat.

**% Change Y-O-Y**



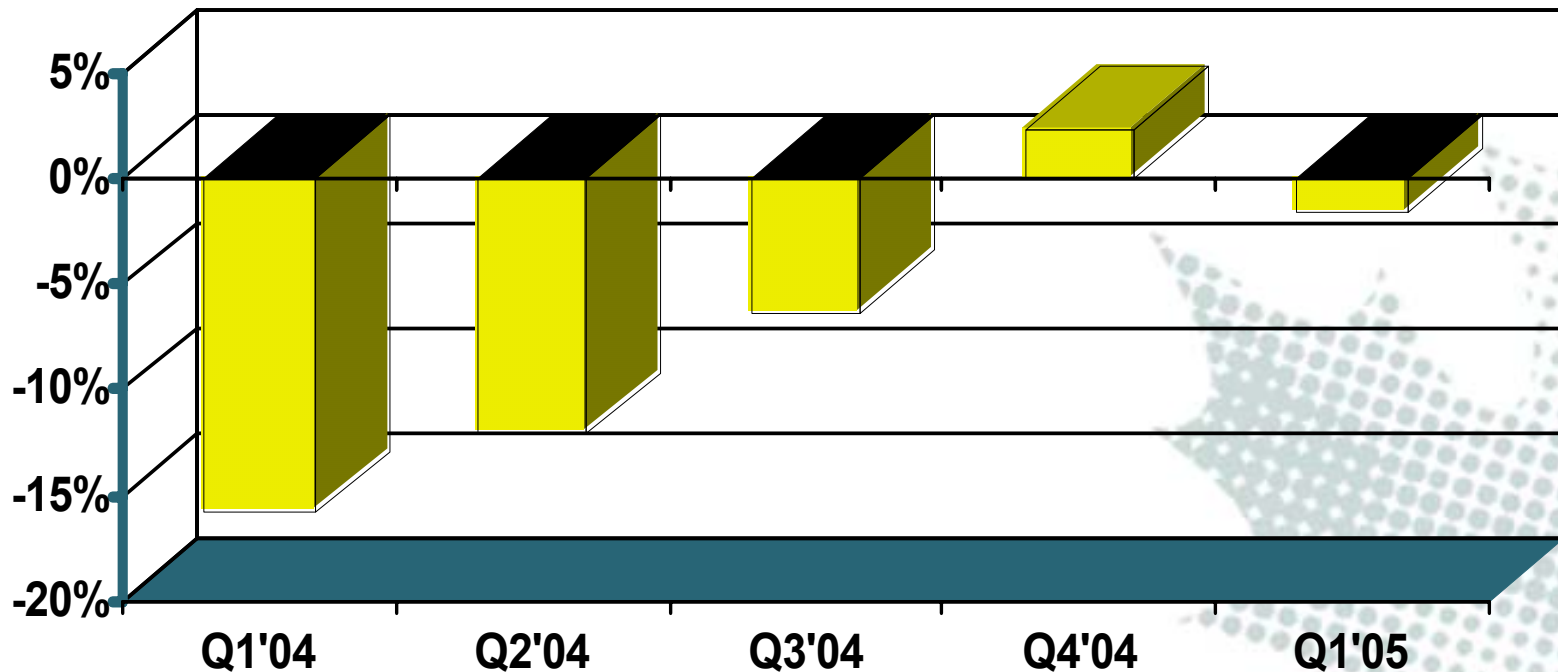
\*Mainline excluding Jazz

**Q1 2005/2004**

# Net Unit Cost Down 1.6% in Spite of High Fuel Prices, Down 8.3% Excluding Fuel

(Cost Per ASM\*)

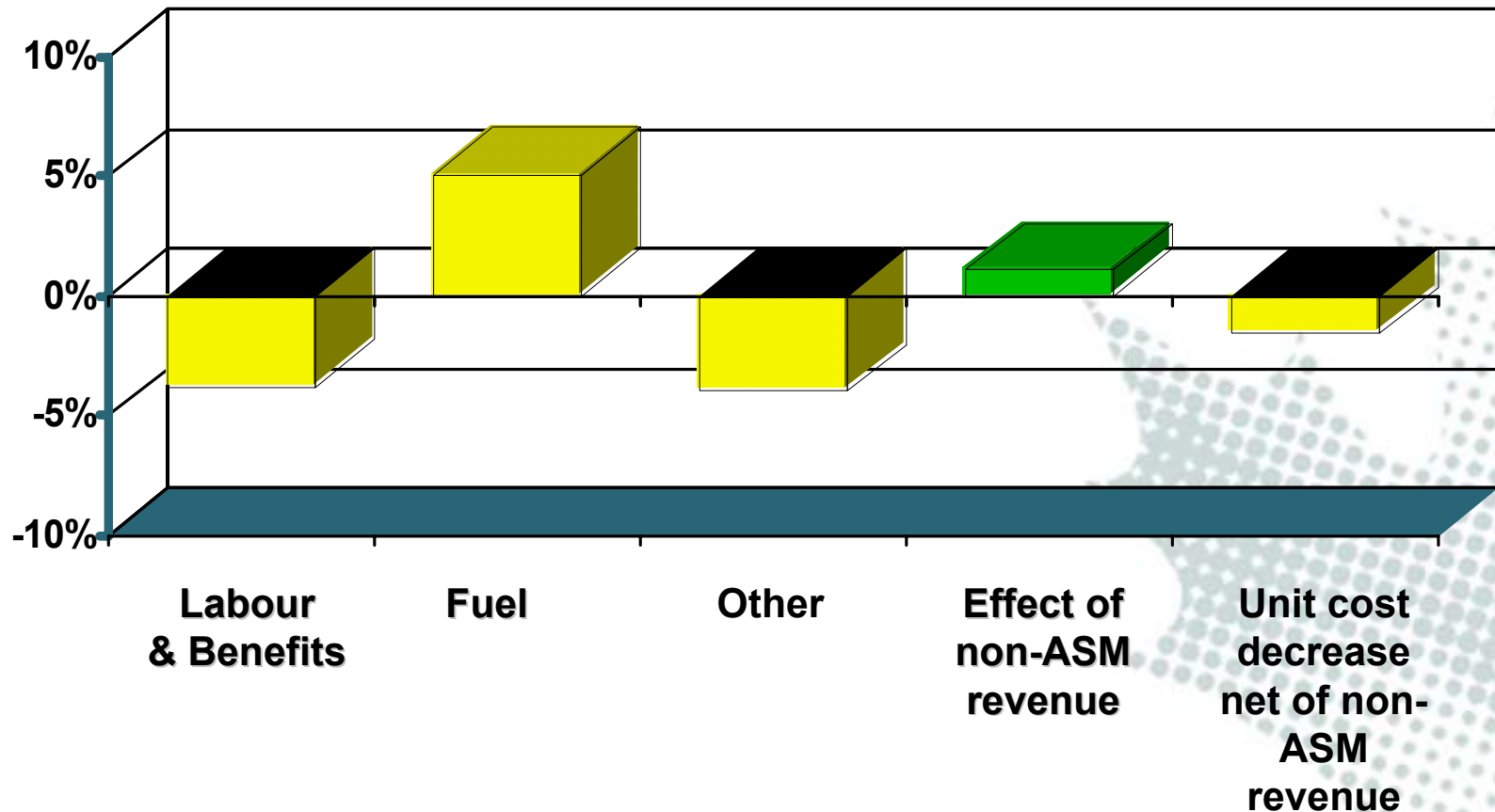
*% Change Y-O-Y*



\*Mainline, adjusted for non-ASM revenue



# High Fuel Prices Offset Improvements in S,W & B and "Other" Expenses



Mainline

# Balance Sheet\* - Good Liquidity, Consolidation of Variable Interest Entities Pushes Debt Up

(ACE Aviation Holdings - Consolidated)

	Mar 31/05 \$ mlns	Dec 31/04 \$ mlns	% Change
• Cash	\$ 1,713	\$ 1,632	+5%
• Current Assets	\$ 2,865	\$ 2,695	+6%
• Property & Equip.	\$ 5,056	\$ 3,696	+37%
• Current Liabilities	\$ 2,790	\$ 2,491	+12%
• Long Term Debt	\$ 3,499	\$ 2,328	+50%
• Shareholder's Equity	\$ 269	\$ 203	+33%
• Book Value per share	\$ 3.03	\$ 2.29	+32%

\*Preliminary & unaudited

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