

Third Quarter 2005

Preliminary & Unaudited

November 2, 2005

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ACE Operating Results Improve By \$77 Million

Consolidated

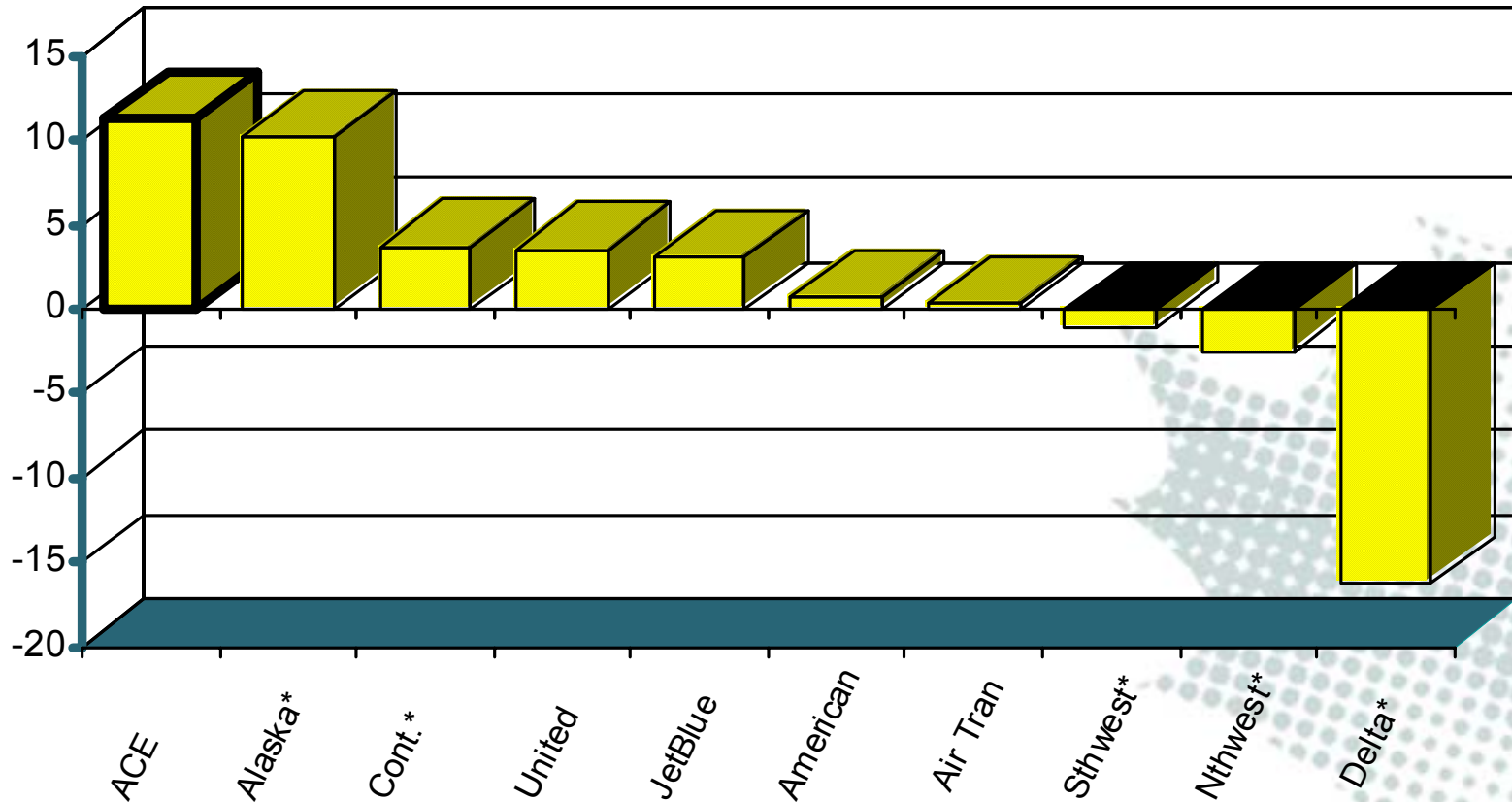
| <i>(millions)</i> | Q3 2005 | Q3 2004 | Change Fav./Unfav.) |
|--|----------------|----------------|--------------------------------|
| Oper. Revenue | \$2,833 | \$ 2,496 | \$ 337 |
| Oper. Expense | 2,513 | 2,253 | (260) |
| Oper. Income | 320 | 243 | 77 |
| Non-oper. Income (Expense) | (38) | (133) | 95 |
| Inc. (Loss) Before Reorg., FX & Tax | 282 | 110 | 172 |
| Reorganization Items | - | (313) | 313 |
| Non-controlling Interest | (9) | - | (9) |
| FX Gain | 125 | 123 | 2 |
| Income (Loss) Before Tax | \$ 398 | \$ (80) | \$ 478 |

Q3 Non-Op Favourable Due \$95 mln Primarily Due Provisions on Assets in '04

| <i>(millions)</i> | Q3 2005 | Change Fav./ (Unfav.) |
|--|----------------|-----------------------|
| Net Interest Inc. (Exp.) | \$ (54) | \$ 6 |
| Gain (Loss) on Sale | 2 | 64 |
| Other Non-Operating Inc. (Exp.) | 14 | 25 |
| Total Non-Operating Inc. (Exp.) | \$ (38) | \$ 95 |

ACE's Q3 Operating Margin Best Among North American Carriers

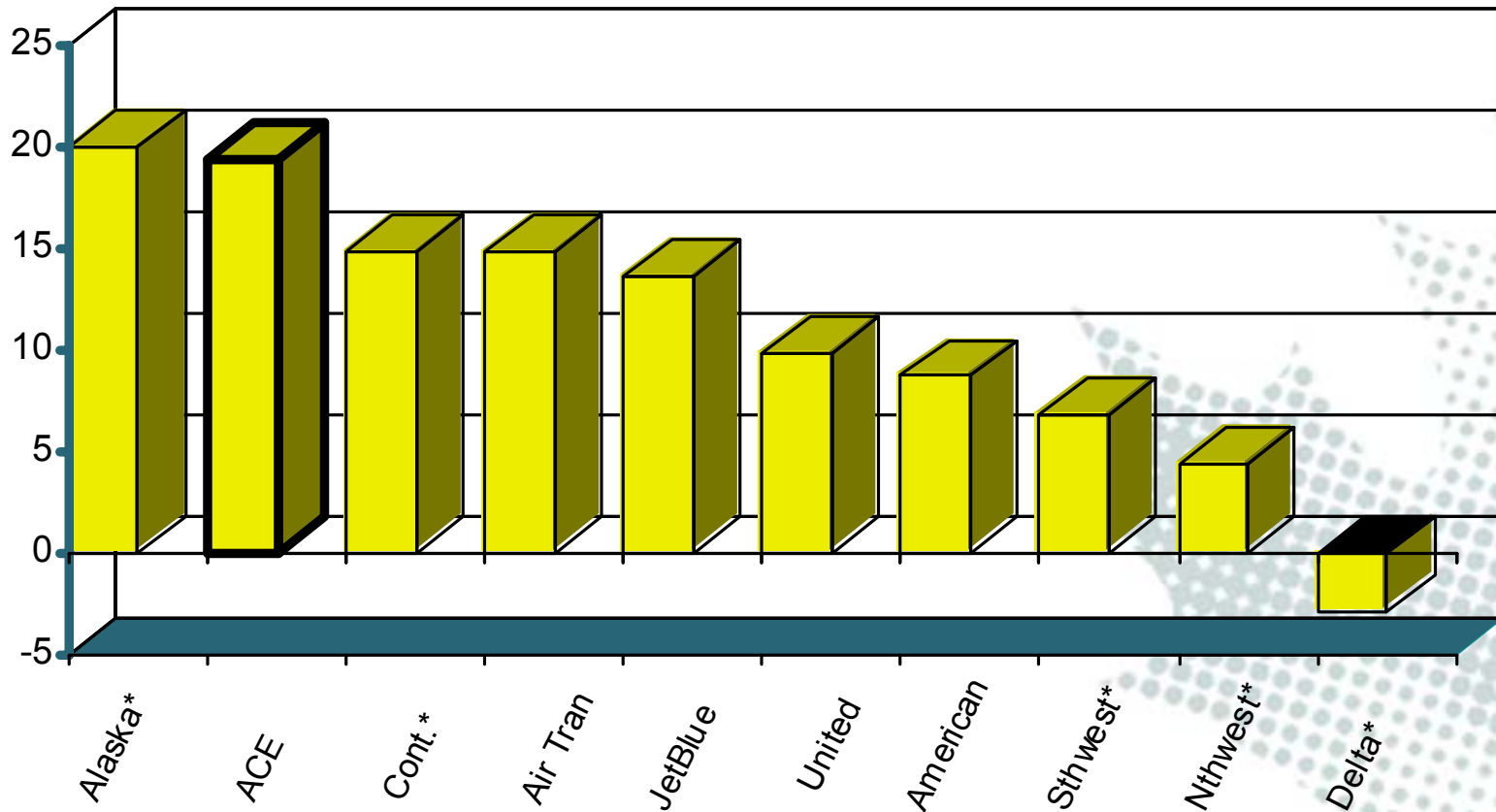
% Operating Margin



* Adjusted for non recurring & special items

ACE's Q3 EBITDAR Margin of 19.4% Close to Top

% EBITDAR Margin



* Adjusted for non recurring & special items

Q3 2005*

Actual vs Prior Year (1)

Mainline Operations

| | | ASMs | RPMs | PLF | Yield | RASM | Rev |
|-----------------------------------|---|-------------|---------------|------------------------------|---------------|---------------|----------------|
| Canada | ↑ | 6.0% | ↑ 10.8% | ↑ 3.6 PP | ↑ 6.0% | ↑ 10.8% | ↑ 17.4% |
| US Transborder | ↓ | 1.8% | ↑ 5.3% | ↑ 5.3 PP | ↑ 0.5% | ↑ 7.8% | ↑ 5.9% |
| Atlantic | ↑ | 6.7% | ↑ 9.1% | ↑ 1.9 PP | 0.0% | ↑ 2.3% | ↑ 9.1% |
| Pacific | ↑ | 9.0% | ↑ 4.5% | ↓ 3.5 PP | ↑ 0.6% | ↓ 3.6% | ↑ 5.1% |
| Latin Amer. & Other | ↑ | 13.8% | ↑ 17.1% | ↑ 2.3 PP | ↑ 1.2% | ↑ 4.1% | ↑ 18.5% |
| Total (excluding Aeroplan) | ↑ | 6.0% | ↑ 8.8% | ↑ 2.0PP | ↑ 2.7% | ↑ 5.3% | ↑ 11.7% |
| Total (including Aeroplan) | ↑ | 6.0% | ↑ 8.8% | ↑ 2.0 PP | ↑ 6.6% | ↑ 9.3% | ↑ 15.9% |
| | | | | Total Expense | | | ↑ 11.5 |
| | | | | Total CASM | | ↑ 5.1% | |
| | | | | Total CASM excl. Fuel | | ↓ 3.3% | |

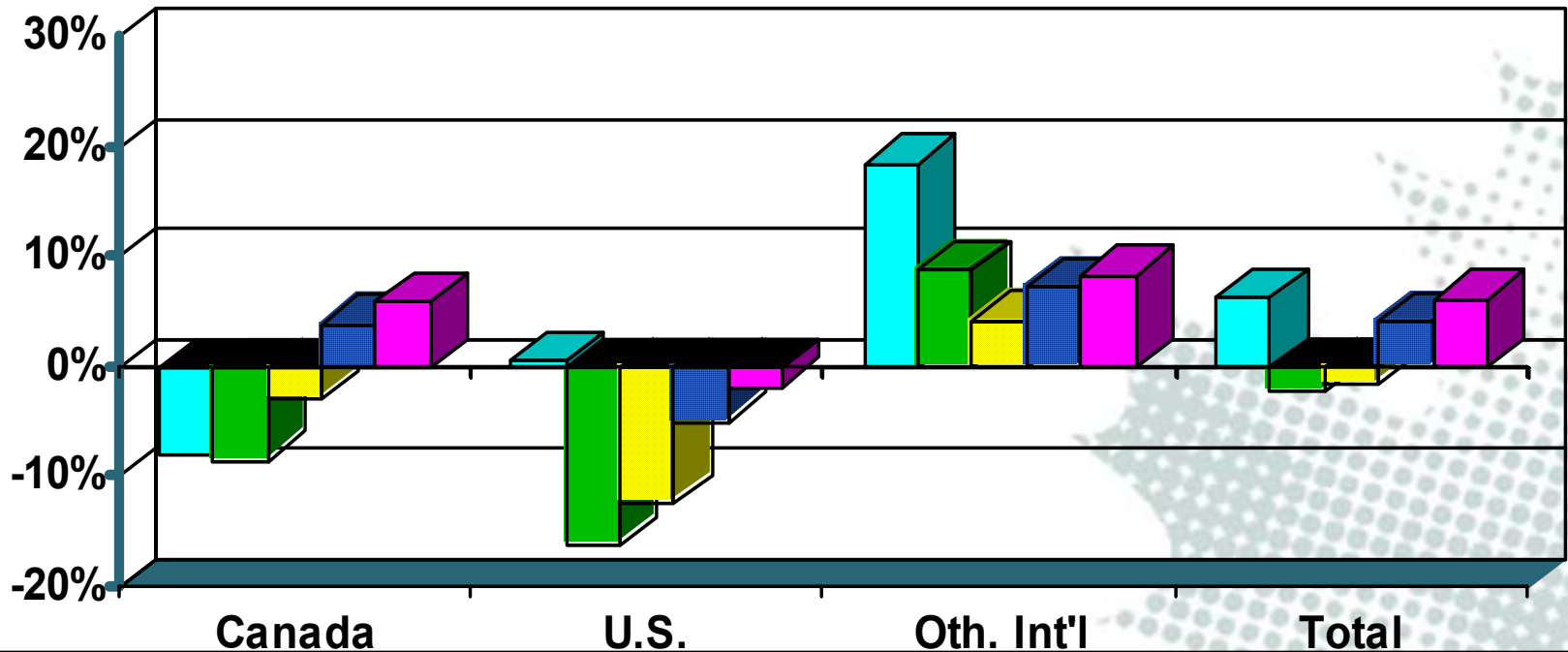
* Preliminary and subject to change.

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

Domestic Capacity Up Primarily on Higher Transcontinental Flying

(Y-O-Y Changes in Consolidated Capacity)

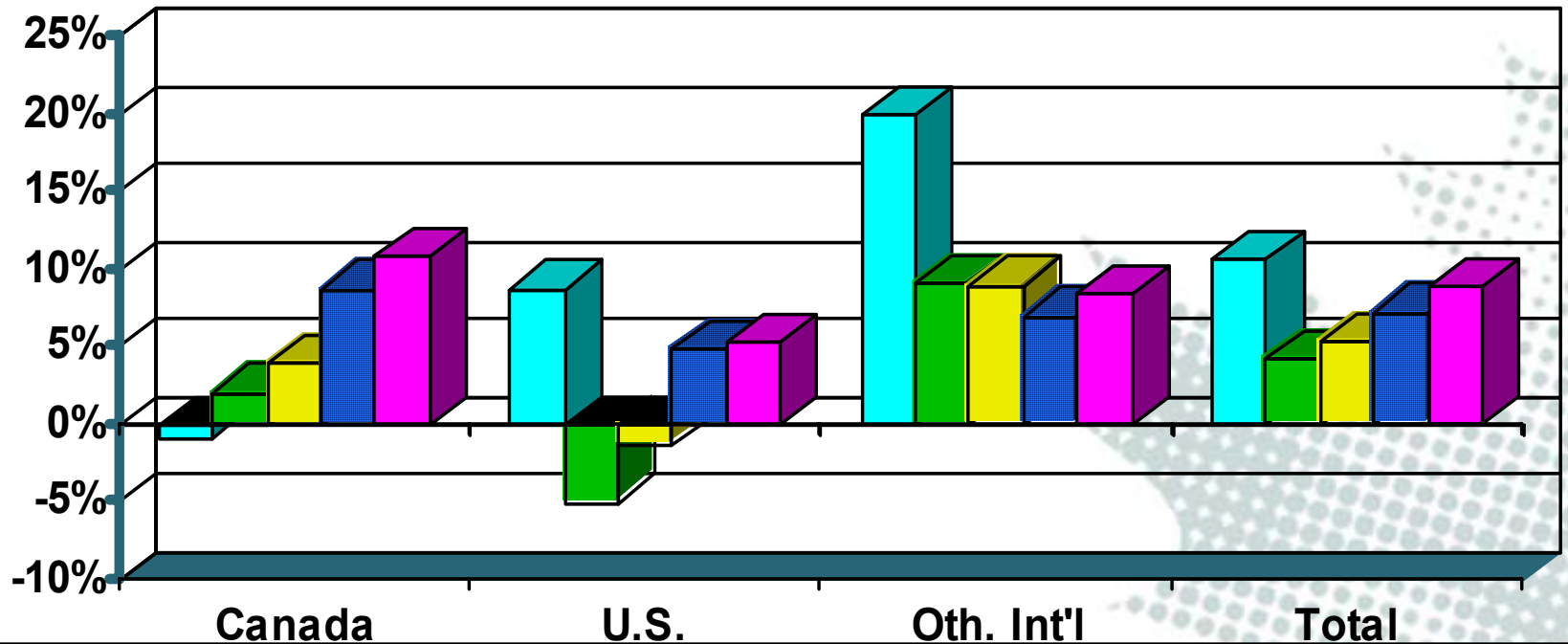
% Change in ASMs



Domestic Traffic Accelerates Growth – International Remains Strong

(Y-O-Y Changes in Consolidated Traffic)

% Change in RPMs

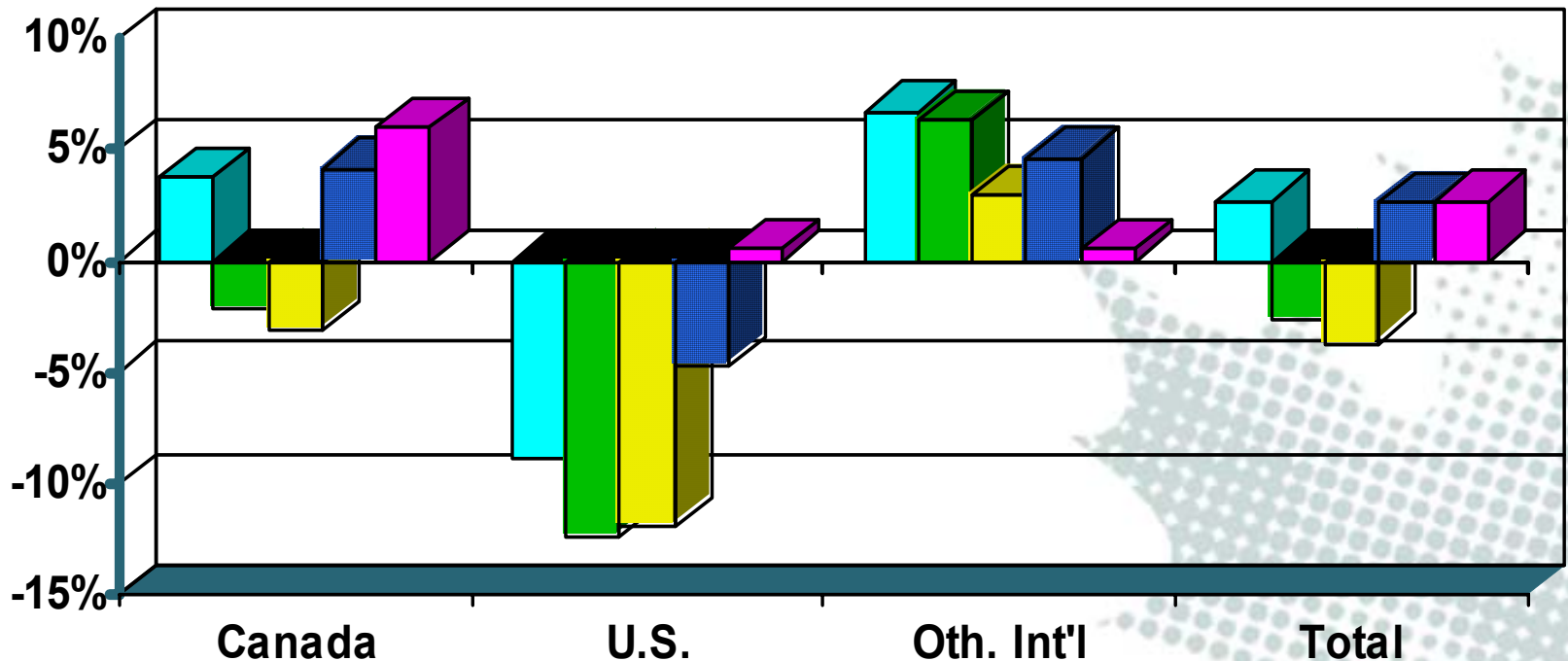


■ Q3 2004/2003 ■ Q4 2004/2003 ■ Q1 2005/2004 ■ Q2 2005/2004 ■ Q3 2005/2004

Greatly Improved North America Yields Offset Softening International Yields

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

% Change in Yield

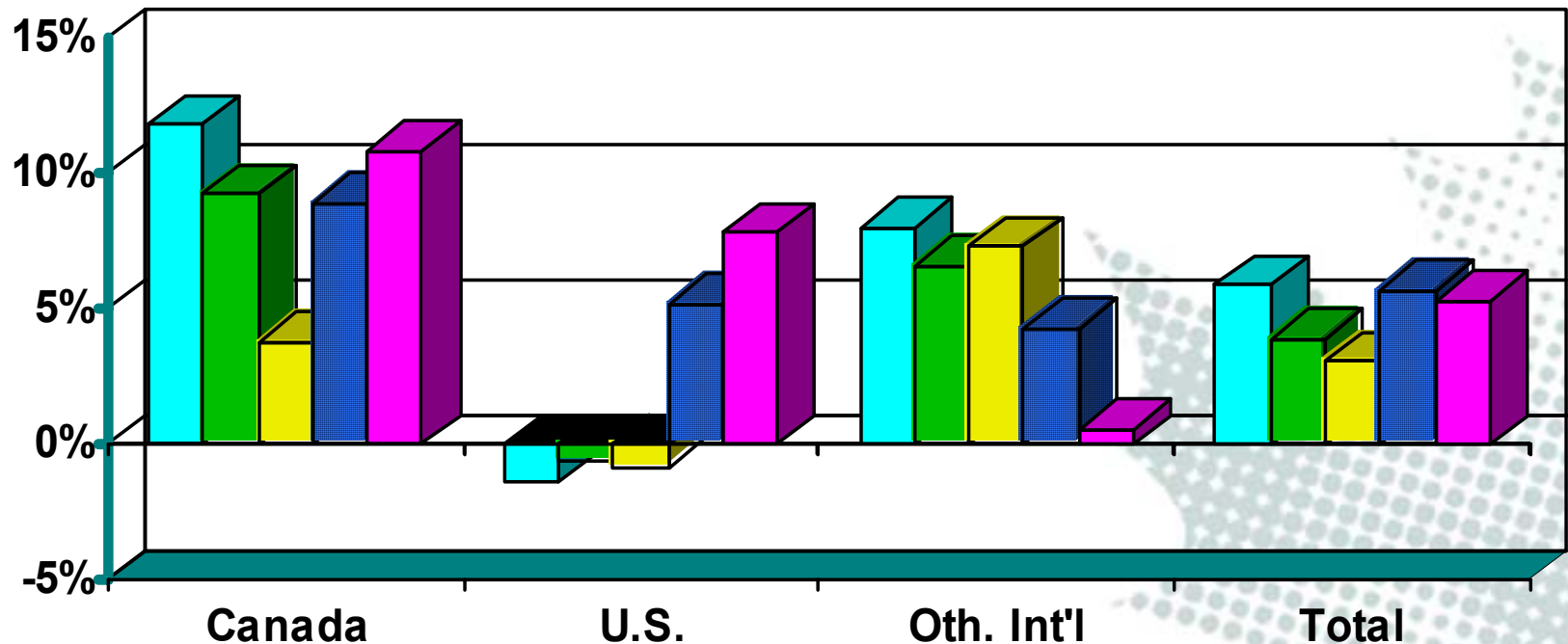


■ Q3 2004/2003 ■ Q4 2004/2003 ■ Q1 2005/2004 ■ Q2 2005/2004 ■ Q3 2005/2004

North America RASMs Up Sharply on Higher Load Factors and Yields

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

% Change in RASM

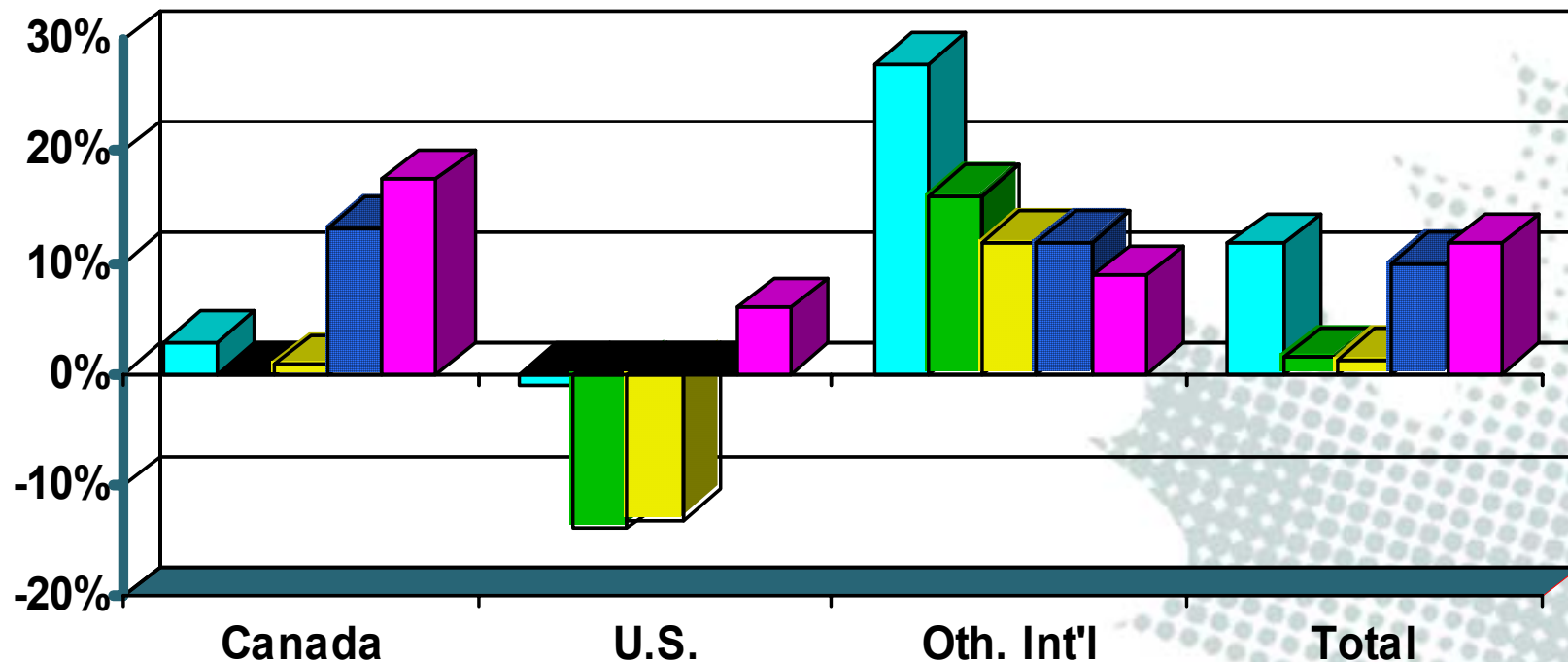


■ Q3 2004/2003 ■ Q4 2004/2003 ■ Q1 2005/2004 ■ Q2 2005/2004 ■ Q3 2005/2004

North America Revenue Up Sharply While International Remains Solid

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

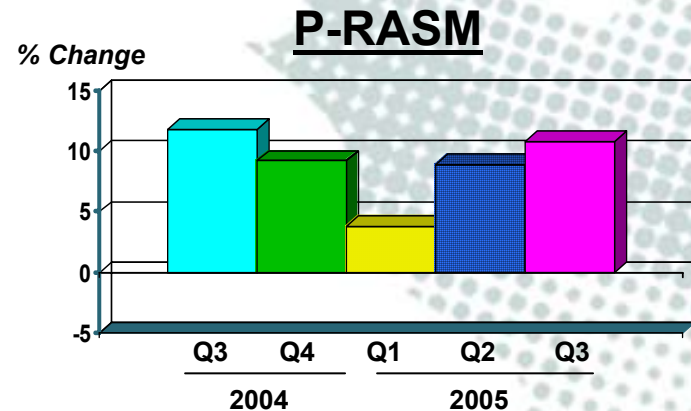
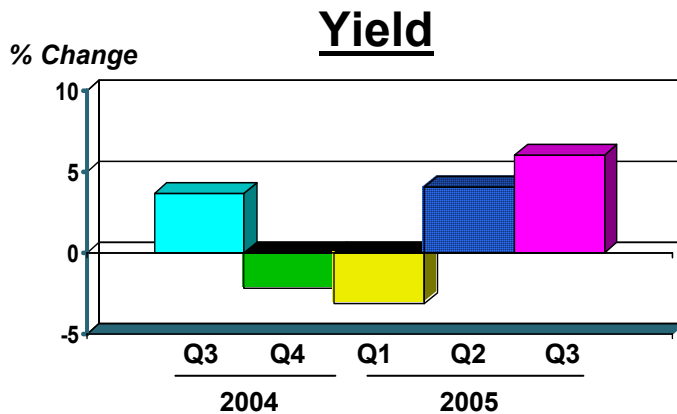
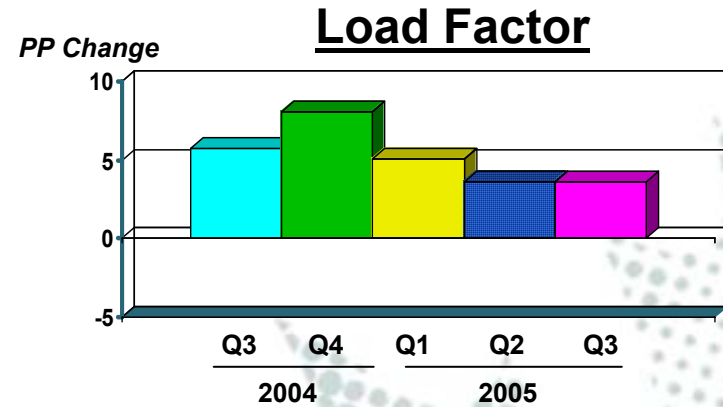
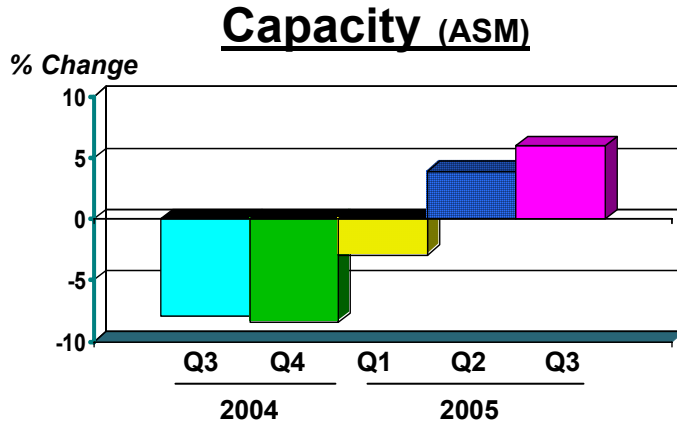
% Change in Revenue



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

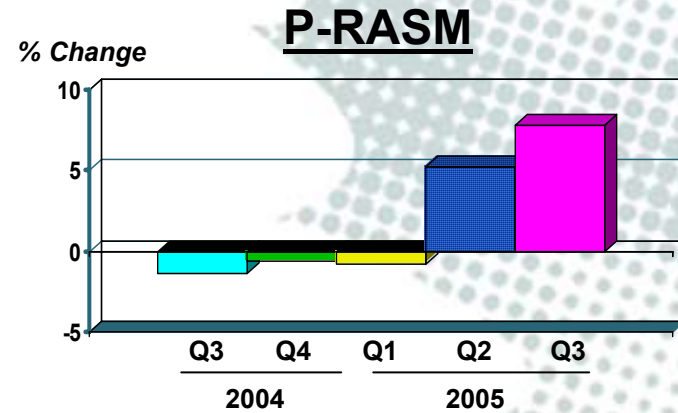
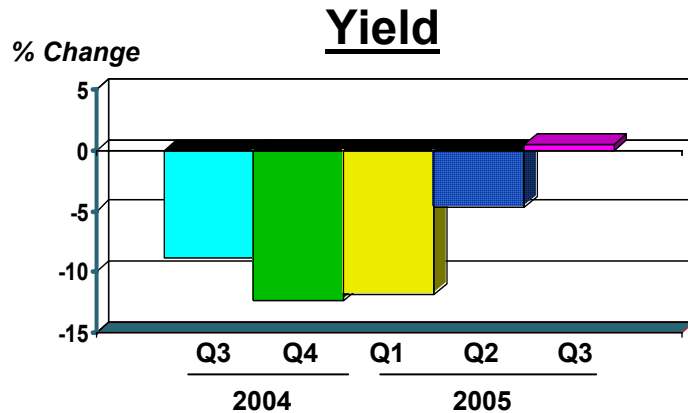
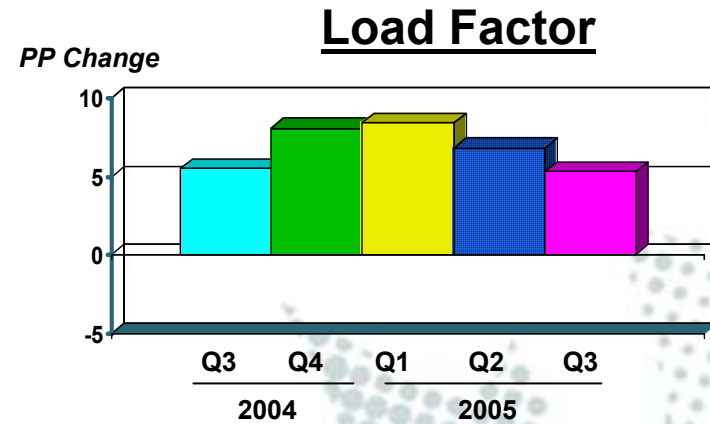
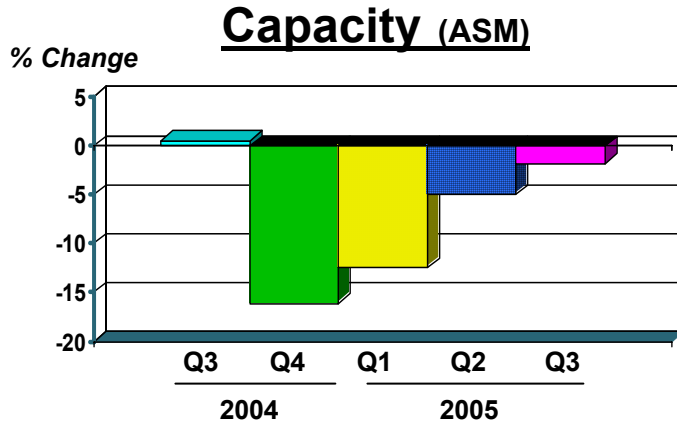
Canada* – Q3 RASM Up on 3.6 PP Load Factor Improvement and Strong Yield

Y-O-Y Change



US Transborder* – RASM Up Sharply on Strong LF Improvement and Positive Yield

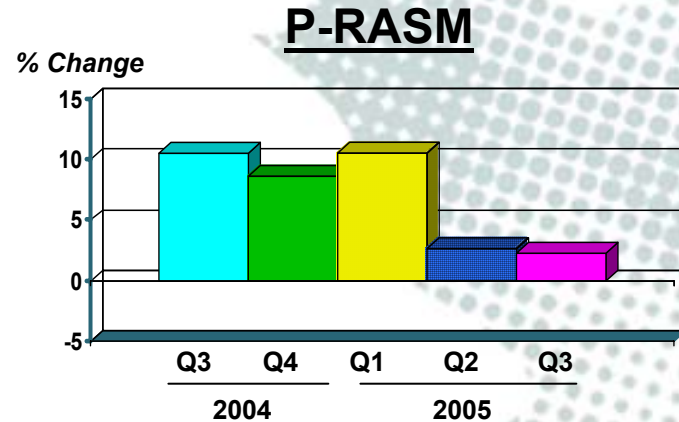
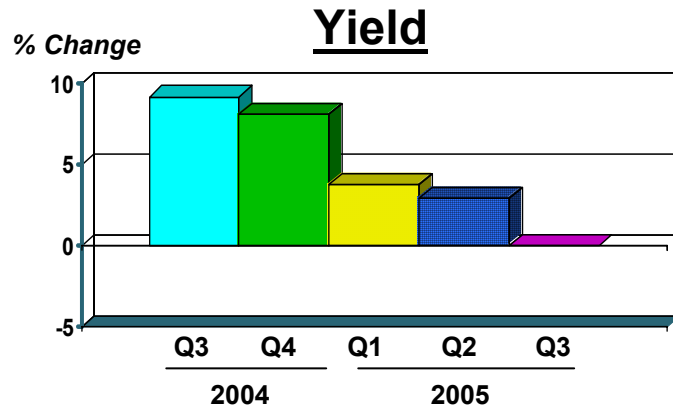
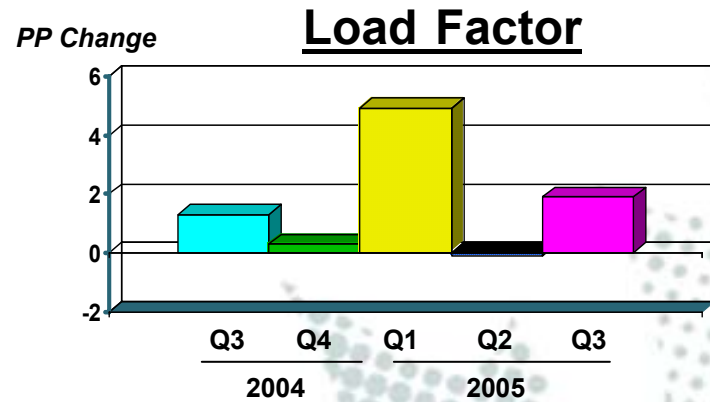
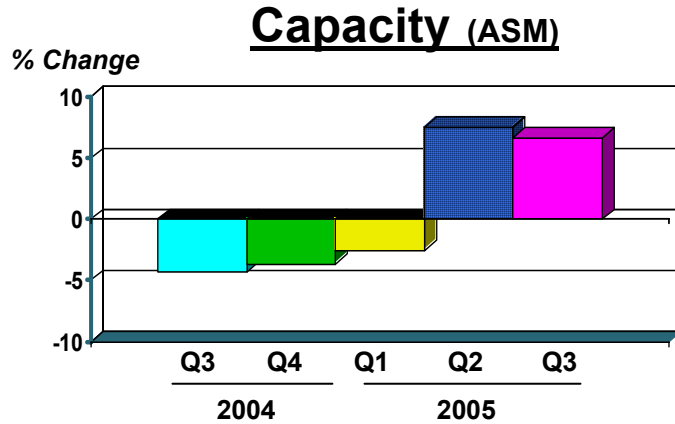
Y-O-Y Change



*Consolidated

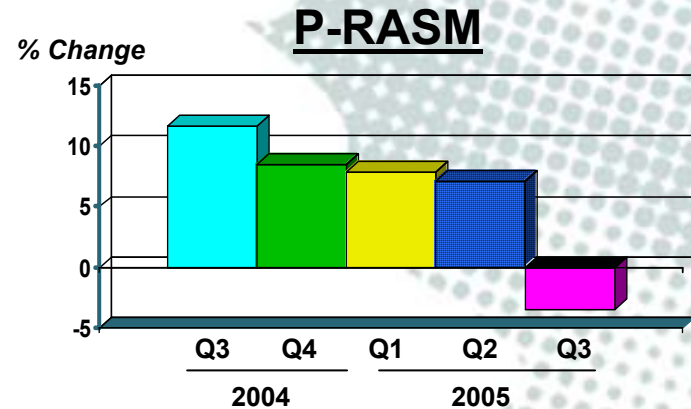
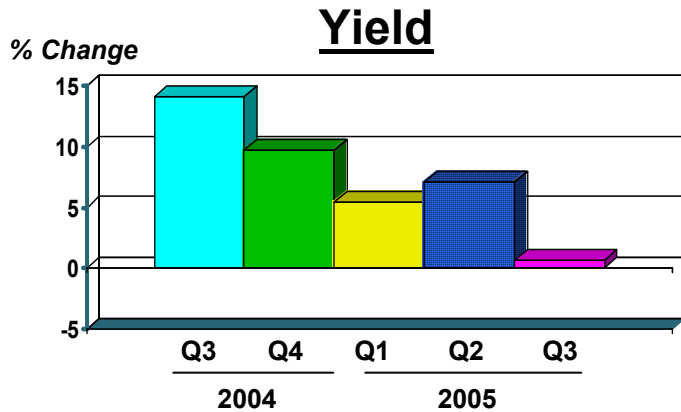
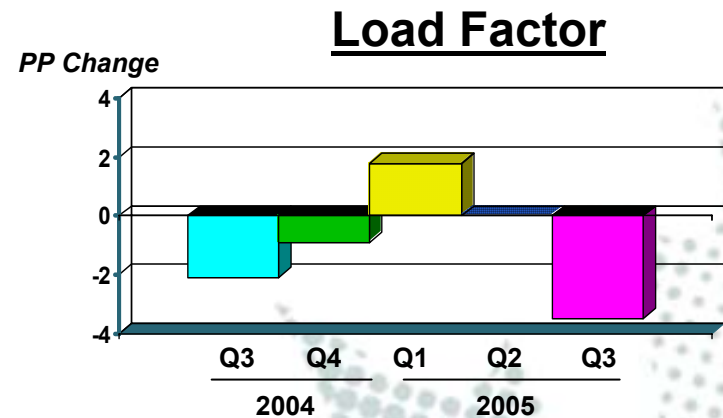
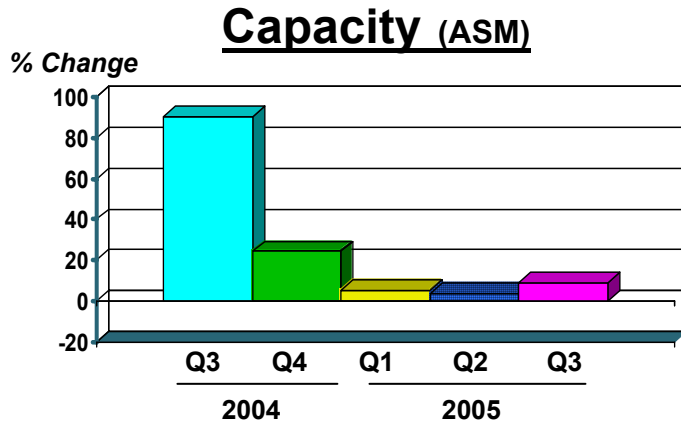
Atlantic – Higher L.F. Offsets Flat Yield to Keep RASM Rising

Y-O-Y Change



Pacific – While Market is Strong, Increased Competitive Capacity Pushes RASM Down

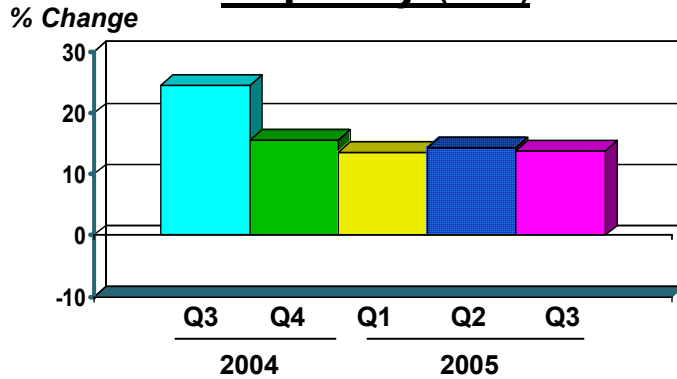
Y-O-Y Change



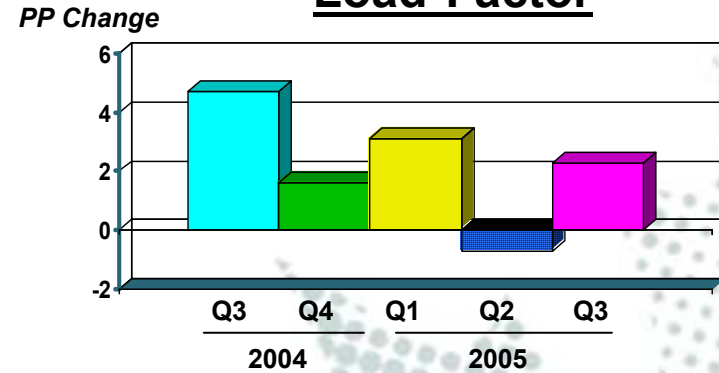
Caribbean, Latin America & Australia – Higher Load Factor Helps Push RASM Up

Y-O-Y Change

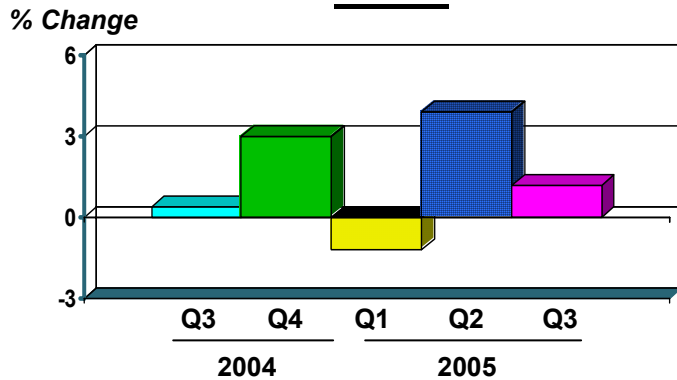
Capacity (ASM)



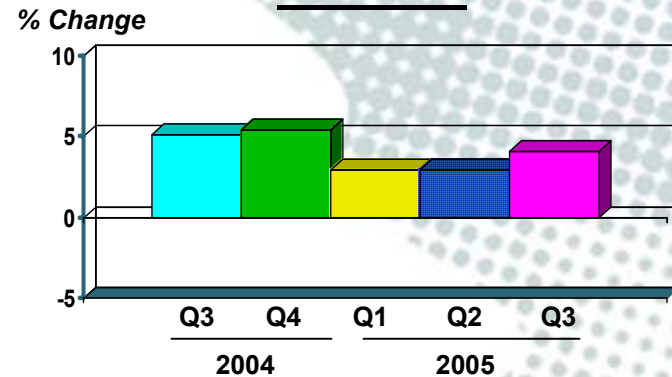
Load Factor



Yield

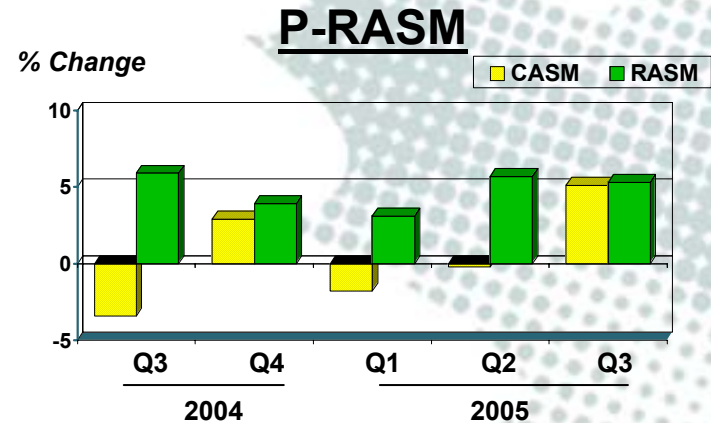
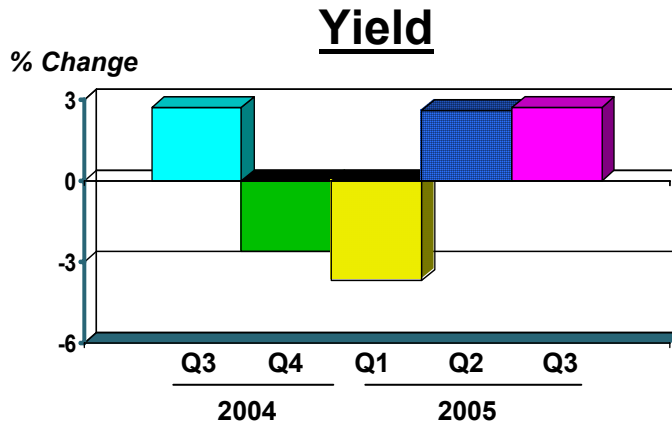
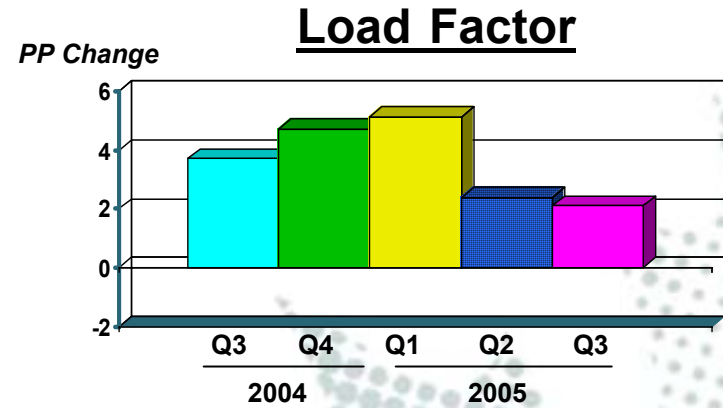
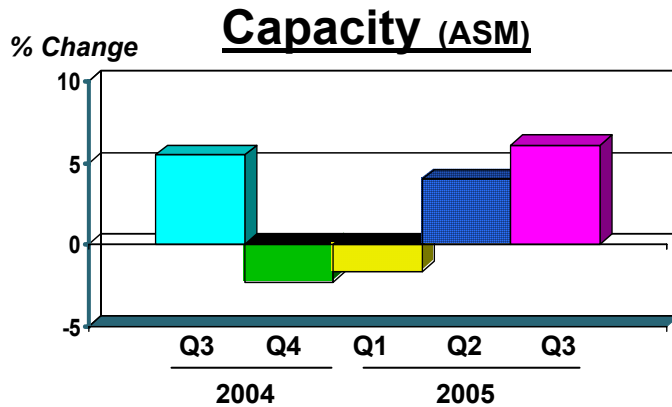


P-RASM



Total* – RASM Up on Equally Strong Yield & Higher LF

Y-O-Y Change

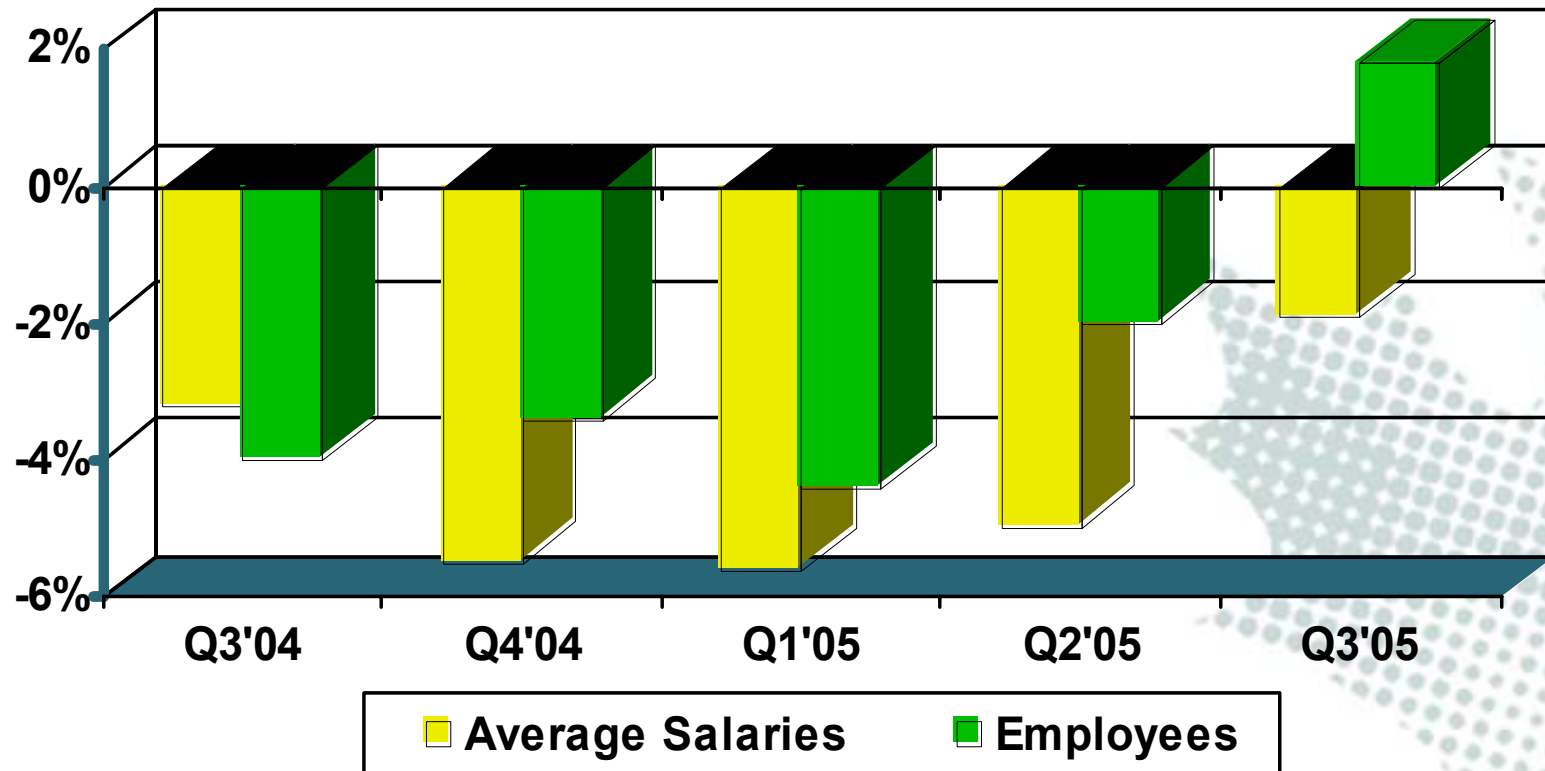


*Consolidated

Average Salary Down 1.9%, Employee Levels Up 571 or 1.8%

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

% Change Y-O-Y

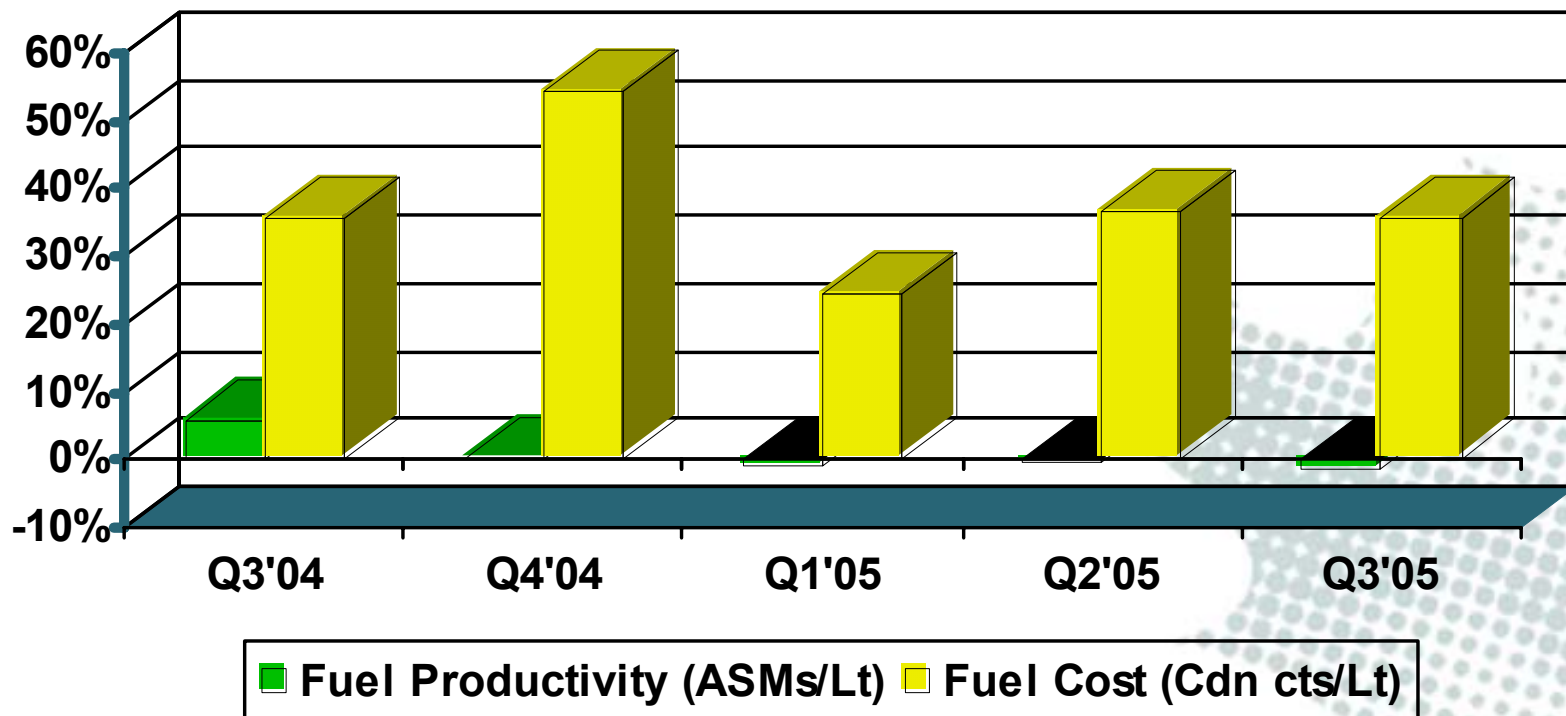


*Q3'05 consolidated - prior quarters, mainline (excluding Jazz)

Cost Per Litre Up 35.7% While Fuel Productivity Declined 1.5%

(Fuel Productivity* & Unit Cost*)

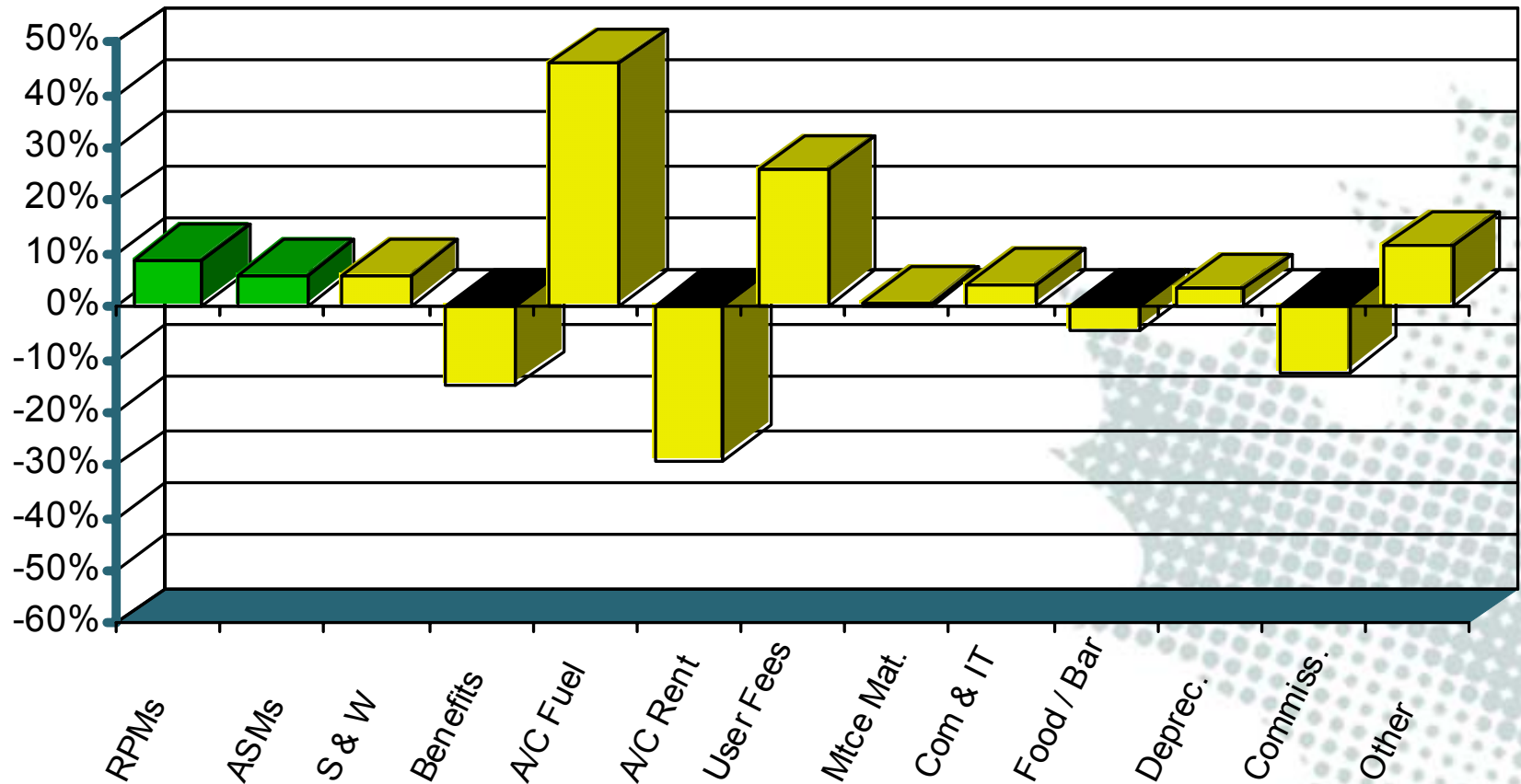
% Change Y-O-Y



*Q3'05 consolidated - prior quarters, mainline (excluding Jazz)

Higher Terminal Handling Chgs., Customer Mtce Mats. and Cr. Card Fees Push Up "Other" Cat.

% Change Y-O-Y



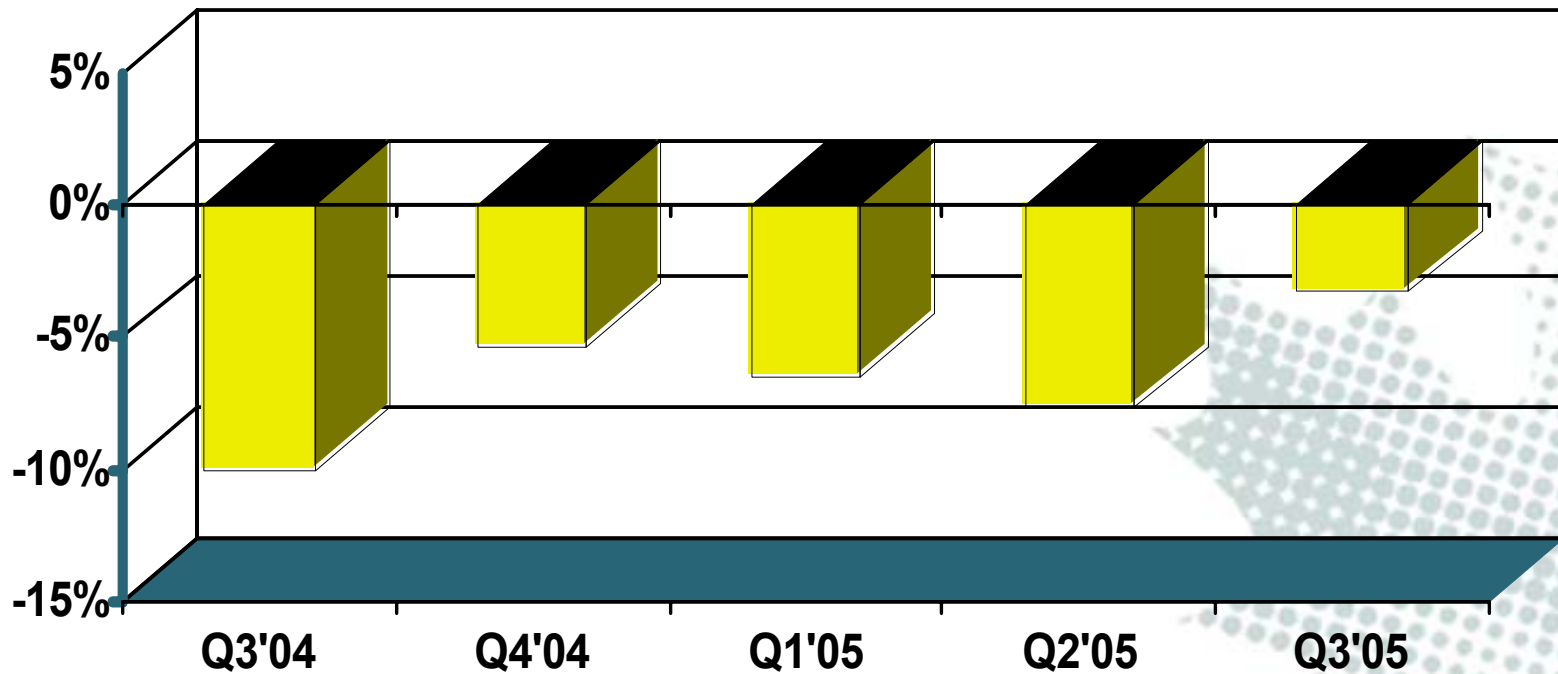
Consolidated

Q3 2005/2004

Unit Cost Excluding Fuel, Down 3.3%

(Cost Per ASM*)

% Change Y-O-Y



* Consolidated

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

(ACE Aviation Holdings - Consolidated)

| | Sept 30/05 \$ mlns | Dec 31/04 \$ mlns | % Change |
|------------------------|-----------------------|----------------------|-------------|
| • Cash | \$ 2,481 | \$ 1,632 | 52% |
| • Current Assets | \$ 3,746 | \$ 2,695 | 39% |
| • Property & Equip. | \$ 5,163 | \$ 3,696 | 40% |
| • Current Liabilities | \$ 3,041 | \$ 2,491 | 22% |
| • Long Term Debt | \$ 3,400 | \$ 2,328 | 46% |
| • Shareholder's Equity | \$ 1,258 | \$ 203 | 520% |
| • Book Value per share | \$ 12.42 | \$ 2.29 | 442% |

*Preliminary & unaudited

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Certain statements made in this presentation may be of a forward-looking nature and subject to important risks and uncertainties. The results indicated in these statements could differ materially from actual results for a number of reasons, including without limitation, general industry, market and economic conditions, the ability to reduce operating costs, employment relations, energy prices, currency exchange rates, interest rates, changes in laws, adverse regulatory developments or proceedings and pending litigation. Any forward-looking statements contained in this presentation represent Air Canada's expectations as of November 2, 2005 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.

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