

ACE AVIATION 

Third Quarter 2006

November 10, 2006

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ACE EBITDAR Improves \$7m – Excluding \$102 mln Special Charge for Aeroplan Miles

Consolidated

<i>(millions)</i>	Q3 2006	Q3 2005	Change Fav./ (Unfav.)
Psgr, Cargo & Other Revenue	\$ 2,947	\$ 2,833	\$ 114
Special Aeroplan Charge	(102)	-	(102)
Oper. Revenue	2,845	2,833	12
Oper. Expense	2,642	2,512	(130)
Oper. Income	\$ 203	\$ 321	\$ (118)
Oper. Income (excl. Aeroplan charge)	\$ 305	\$ 321	\$ (16)
EBITDAR	\$ 456	\$ 551	\$ (95)
EBITDAR (excl. Aeroplan charge)	\$ 558	\$ 551	\$ 7

Q3 Net Interest Expense Down \$11 mln

<i>(millions)</i>	Q3 2006	Change Fav./((Unfav.))
Net Interest Inc. (Exp.)	\$ (43)	\$ 11
Gain (Loss) on Sale	48*	46
Other Non-Operating Inc. (Exp.)	(17)	(31)
Total Non-Operating (Exp.)	\$ (12)	\$ 26

* Gain on sale of U.S. Airways shares \$52 mln

Q3 2006

Actual vs Prior Year

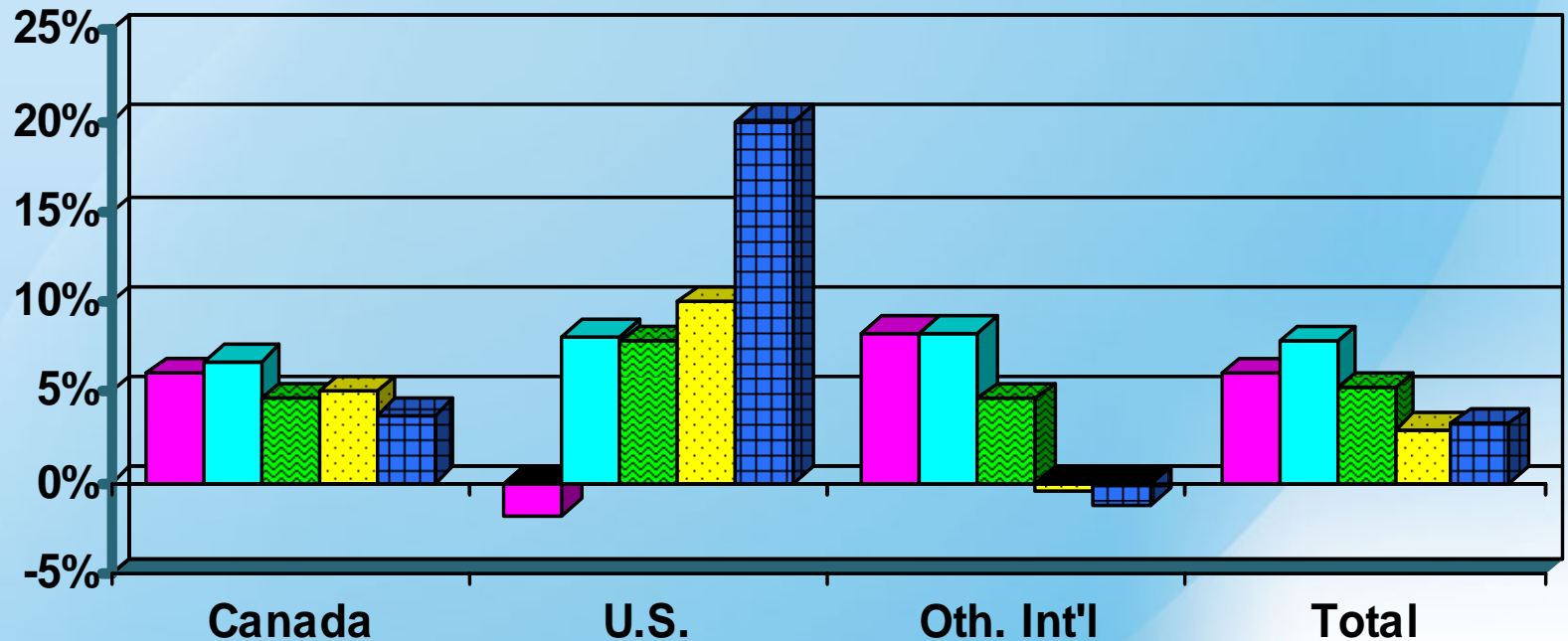
Consolidated

	ASMs	RPMs	PLF	Yield	RASM	Rev
Canada	↑ 3.8%	↑ 2.0%	↓ 1.4 PP	↑ 2.3%	↑ 0.6%	↑ 4.4%
US Transborder	↑ 20.0%	↑ 19.0%	↓ 0.7 PP	↓ 3.7%	↓ 4.4%	↑ 14.7%
Atlantic	↓ 5.6%	↓ 6.1%	↓ 0.5 PP	↑ 3.3%	↑ 2.7%	↓ 3.0%
Pacific	↑ 3.5%	↑ 5.1%	↑ 1.3 PP	↓ 2.8%	↓ 1.3%	↑ 2.2%
Latin Amer. & Other	↑ 5.5%	↑ 6.3%	↑ 0.7 PP	↑ 2.5%	↑ 3.3%	↑ 9.0%
Total	↑ 3.3%	↑ 2.6%	↓ 0.6 PP	↑ 1.4%	↑ 0.7%	↑ 4.2%
			Total Expense			↑ 5.2%
			Total CASM		↑ 1.8%	
			Total CASM excl. Fuel		↓ 1.0%	

Increasing North American Capacity Growth – International Marginally Down

(Y-O-Y Changes in Consolidated Capacity)

% Change in ASMs

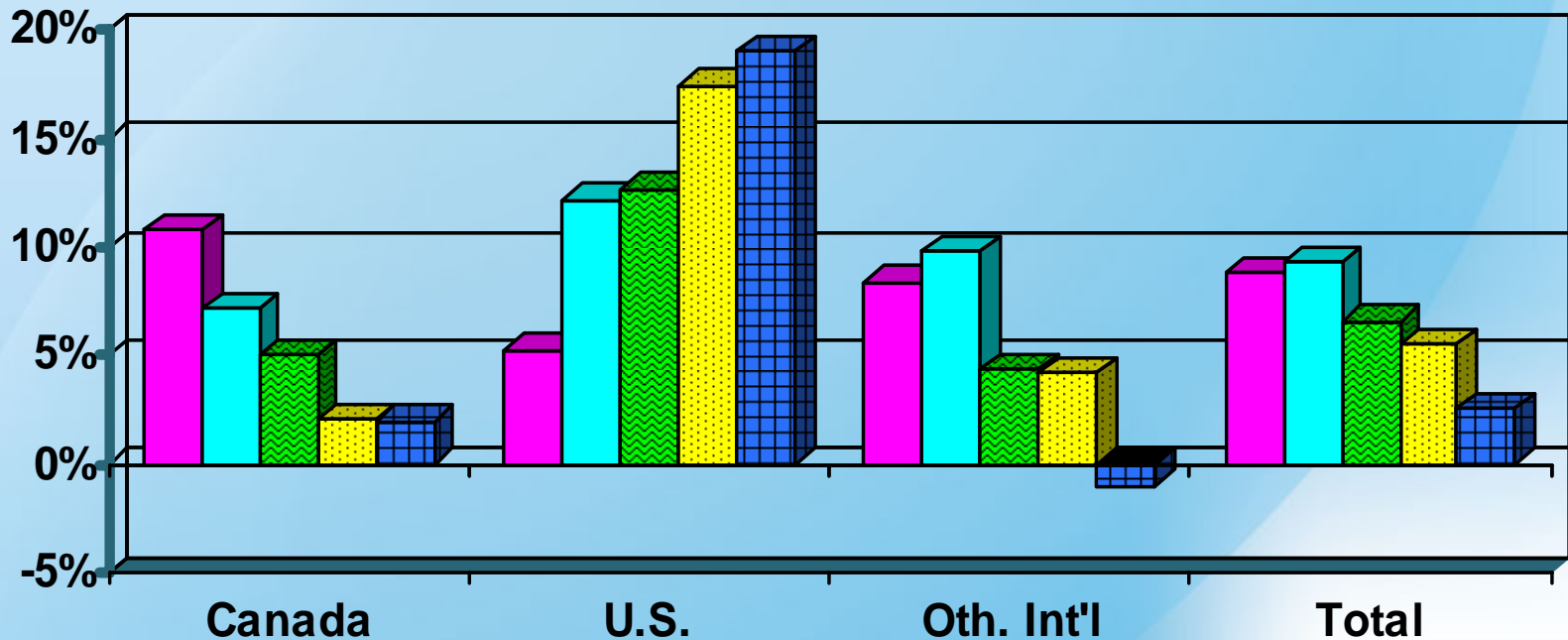


■ Q3 2005/2004
 ■ Q4 2005/2004
 ■ Q1 2006/2005
 ■ Q2 2006/2005
 ■ Q3 2006/2005

U.S. Transborder Traffic Up Sharply While International Marginally Down Due Lower Capacity

(Y-O-Y Changes in Consolidated Traffic)

% Change in RPMs

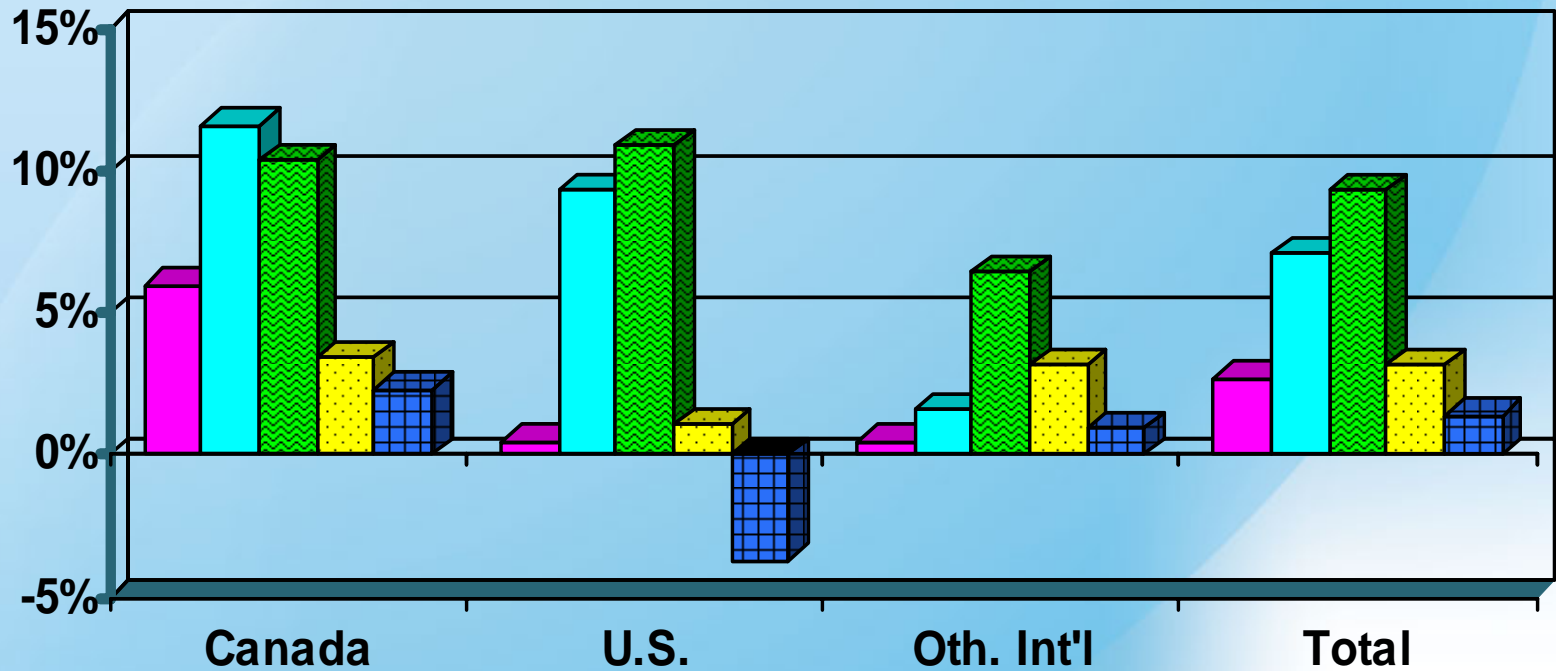


■ Q3 2005/2004
 ■ Q4 2005/2004
 ■ Q1 2006/2005
 ■ Q2 2006/2005
 ■ Q3 2006/2005

Yield Growth Slows in Q3

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

% Change in Yield

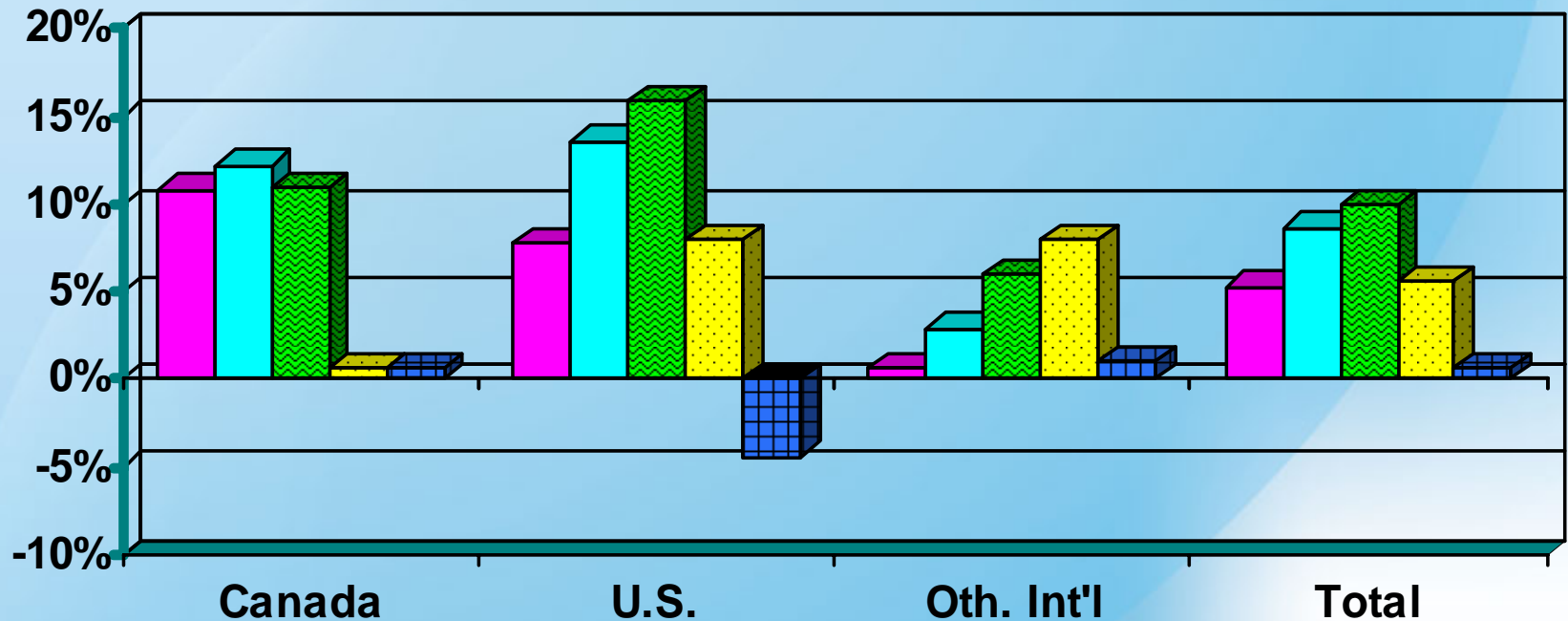


■ Q3 2005/2004
 ■ Q4 2005/2004
 ■ Q1 2006/2005
 ■ Q2 2006/2005
 ■ Q3 2006/2005

System RASM Increase Slows on Lower Load Factor and Slower Yield Growth

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

% Change in RASM

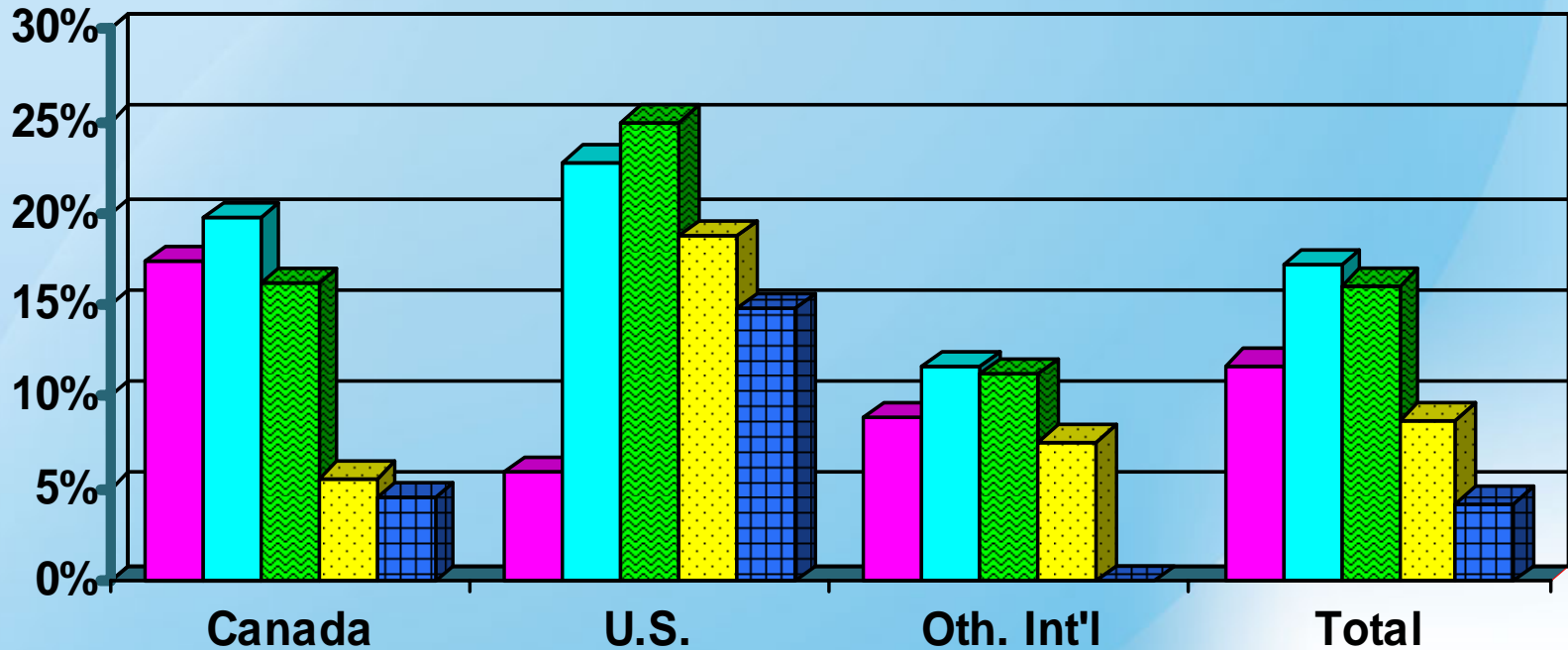


■ Q3 2005/2004
 ■ Q4 2005/2004
 ■ Q1 2006/2005
 ■ Q2 2006/2005
 ■ Q3 2006/2005

Slower System Revenue Growth Due Flat Int'l Revenues

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

% Change in Revenue

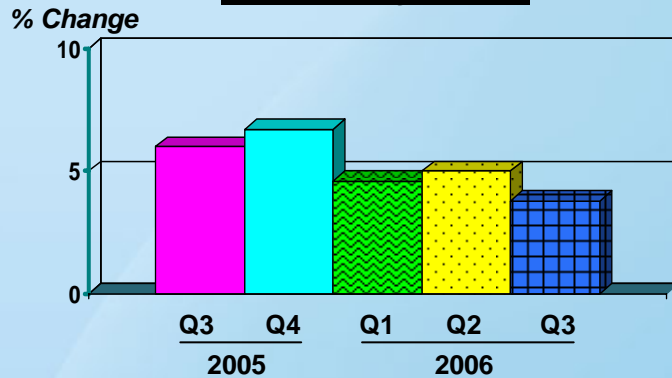


■ Q3 2005/2004
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 ■ Q1 2006/2005
 ■ Q2 2006/2005
 ■ Q3 2006/2005

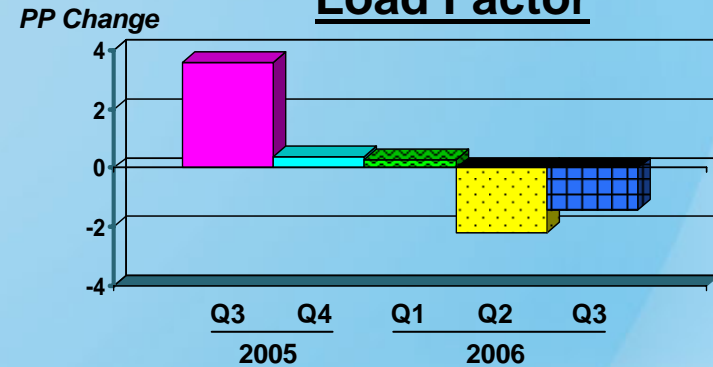
Canada* – Q3 RASM Up 0.6% on 2.3% Increase in Yield Partially Offset By 1.4 PP L.F. Decline

Y-O-Y Change

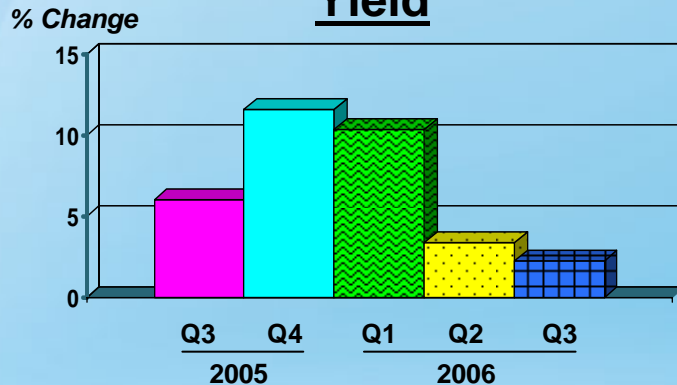
Capacity (ASM)



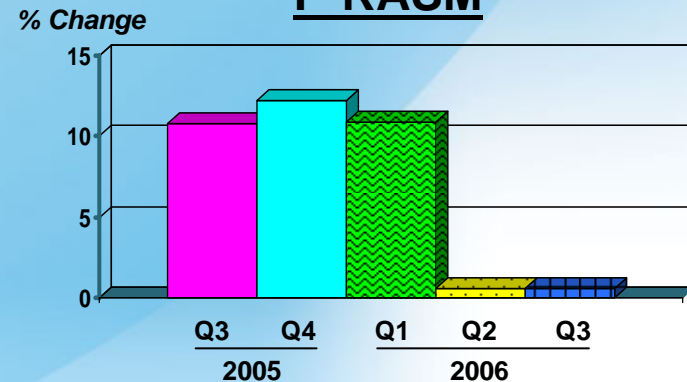
Load Factor



Yield

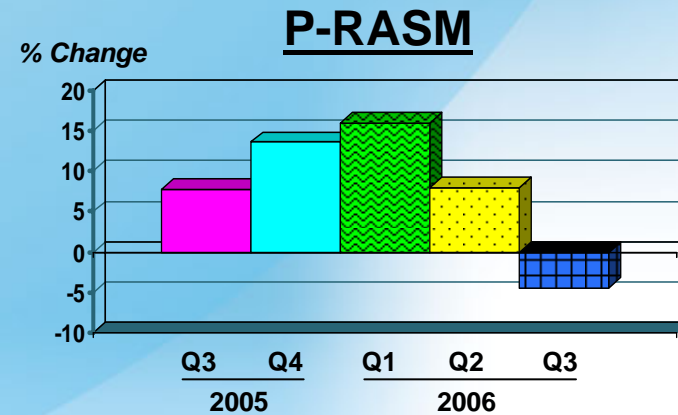
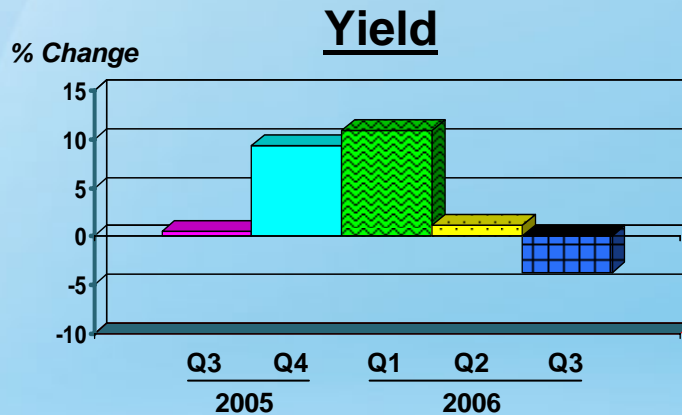
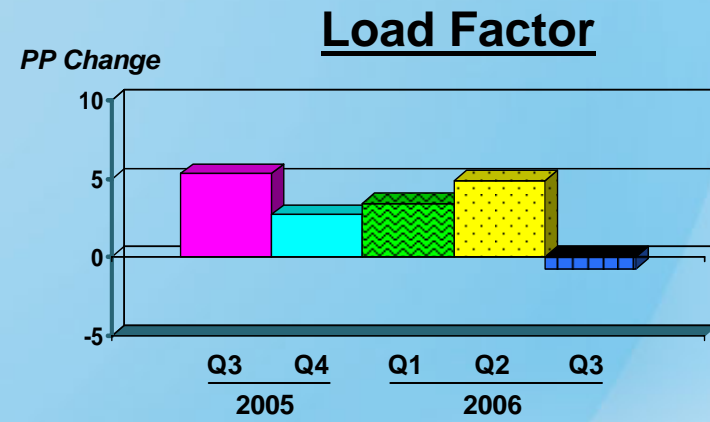
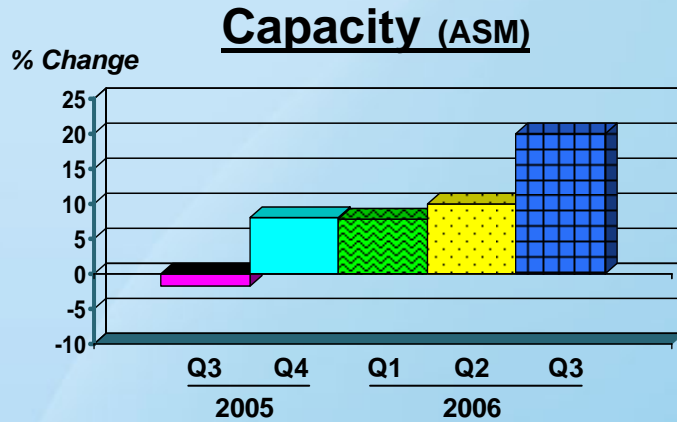


P-RASM



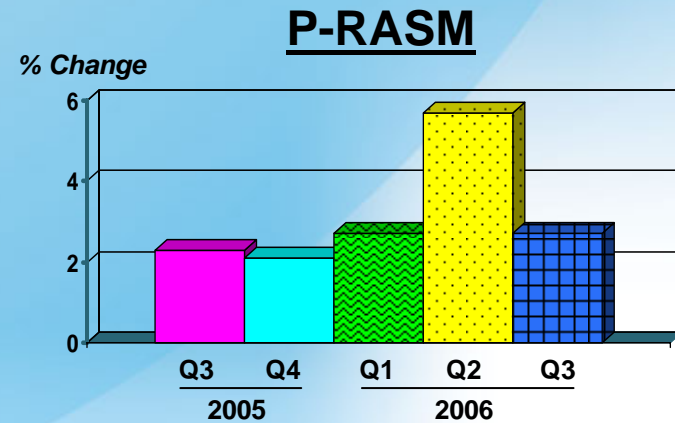
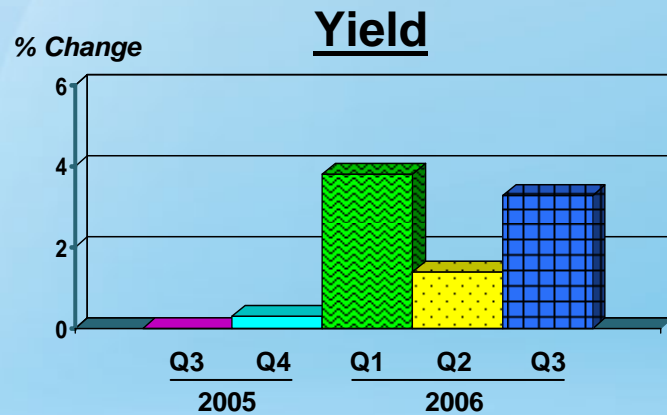
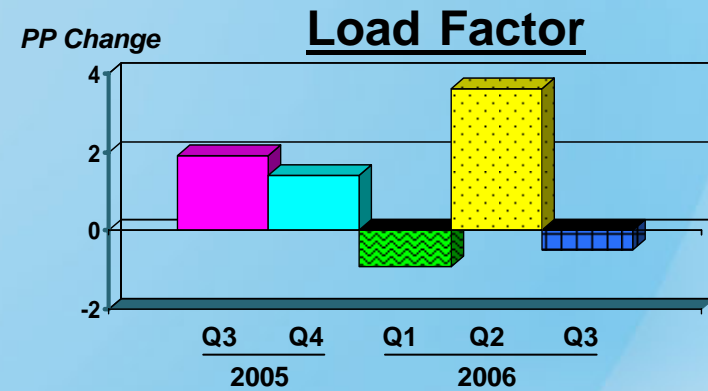
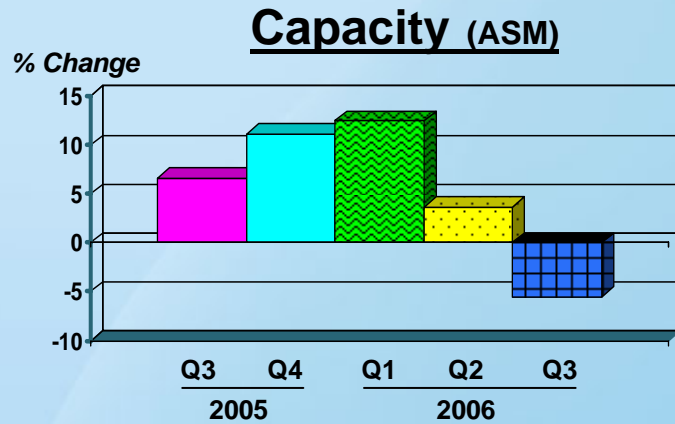
US Transborder* – RASM Declines 4.4% as Both Load Factor and Yield Fall

Y-O-Y Change



Atlantic – Stronger Yield lifts RASM

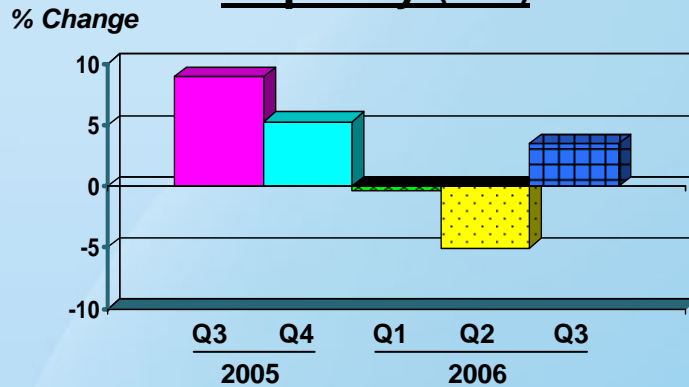
Y-O-Y Change



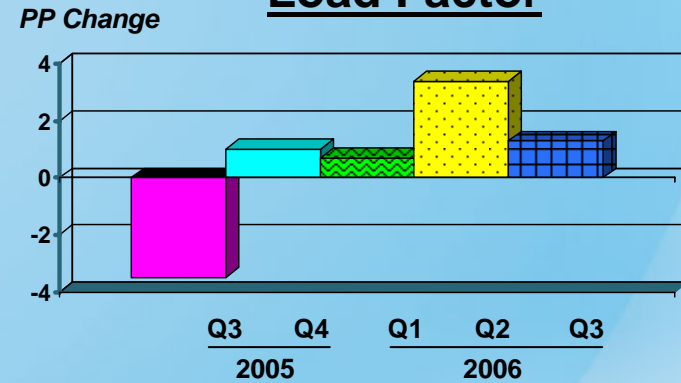
Pacific – RASM Down 1.3% as Lower Yield Offsets Higher Load Factor

Y-O-Y Change

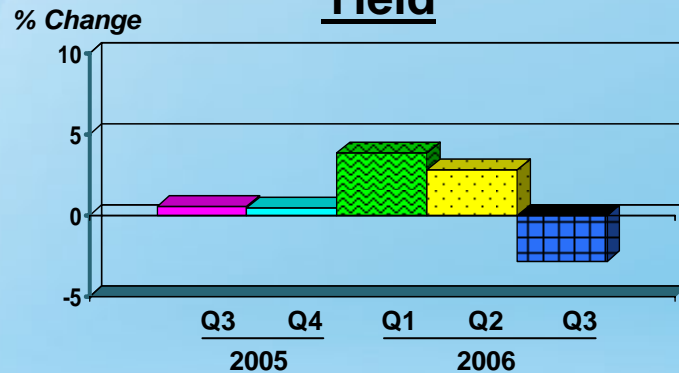
Capacity (ASM)



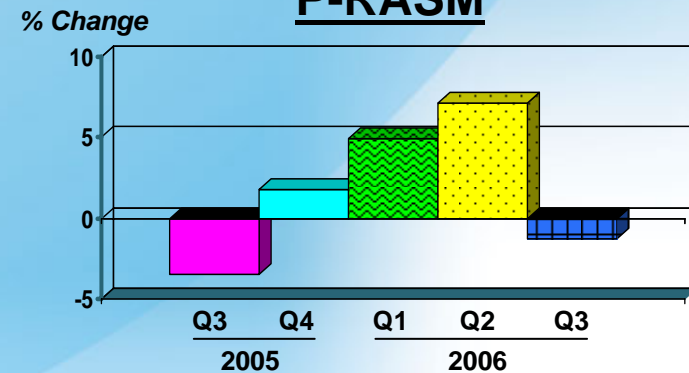
Load Factor



Yield

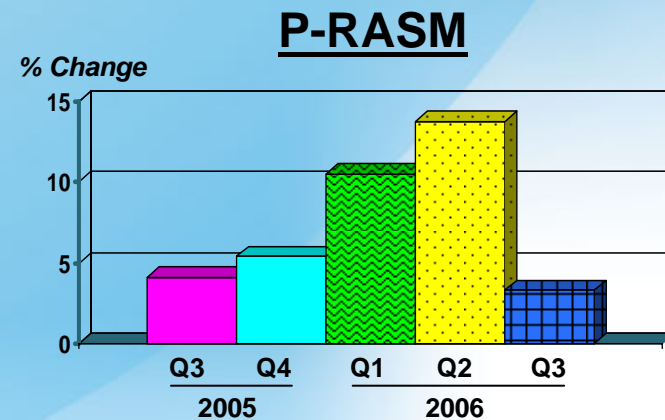
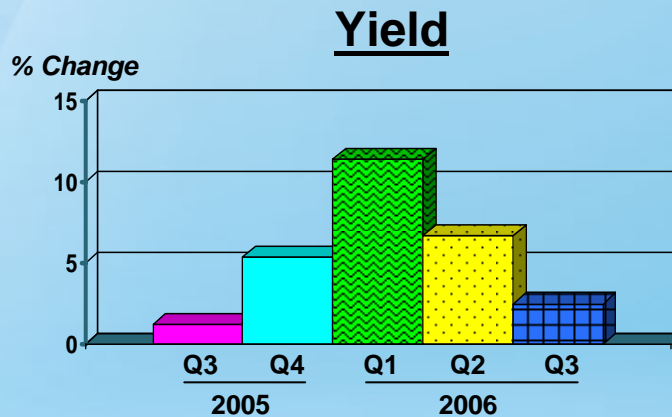
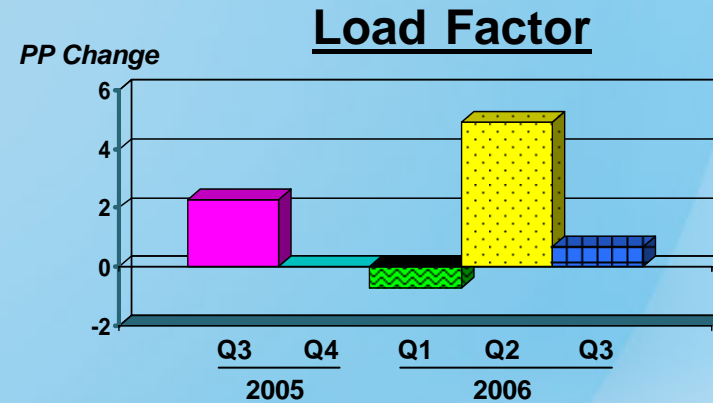
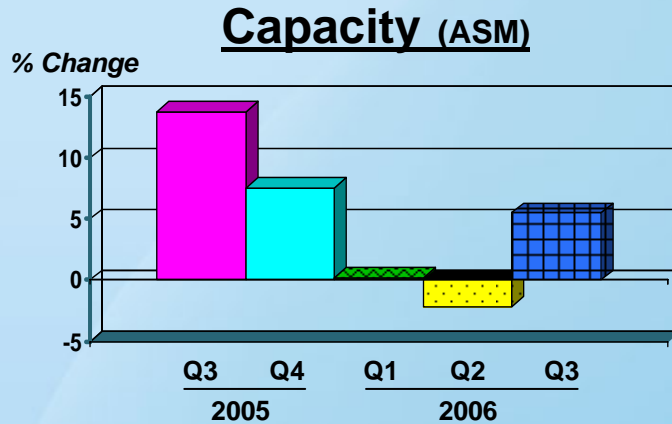


P-RASM



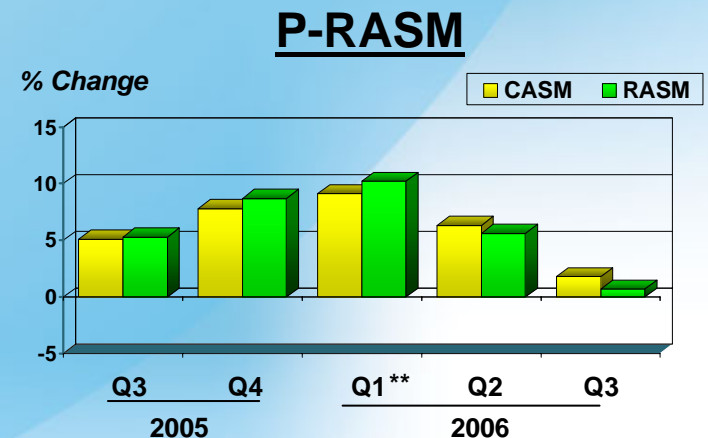
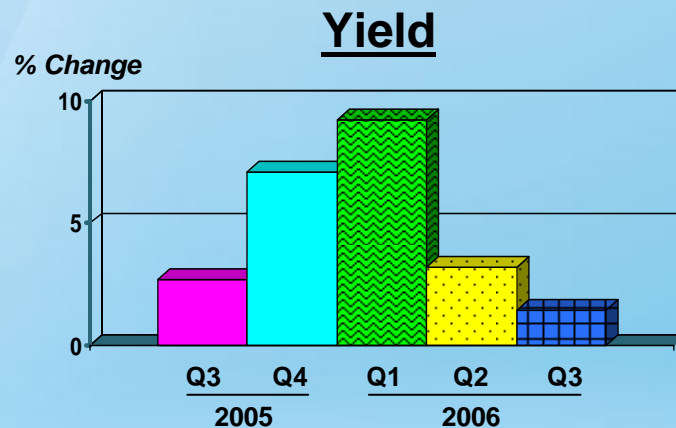
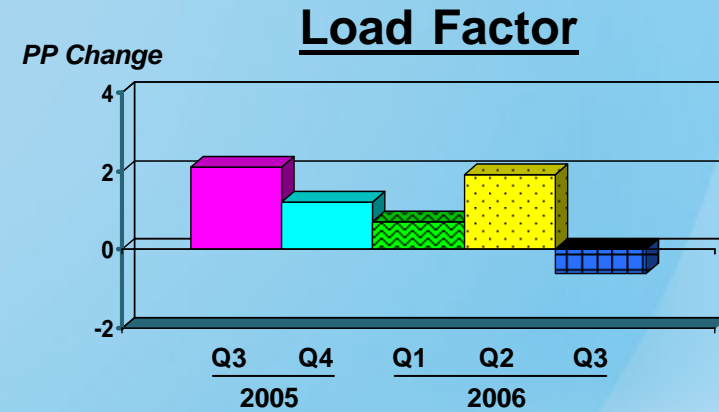
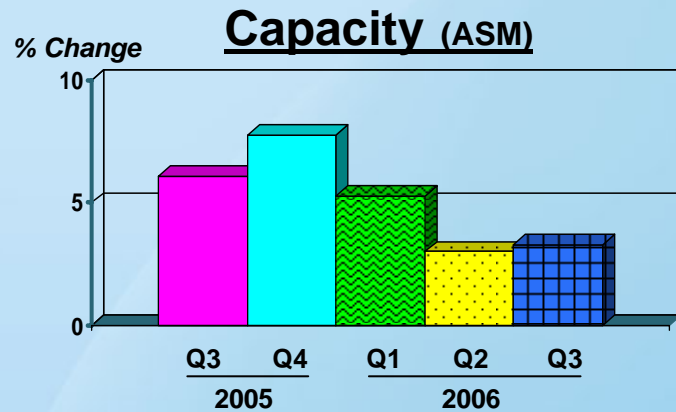
Caribbean, Latin America & Australia – RASM Growth Slows on More Moderate LF and Yield Improvement

Y-O-Y Change



Total* – System RASM Growth Slows on Moderate Yield Increase and Lower LF

Y-O-Y Change



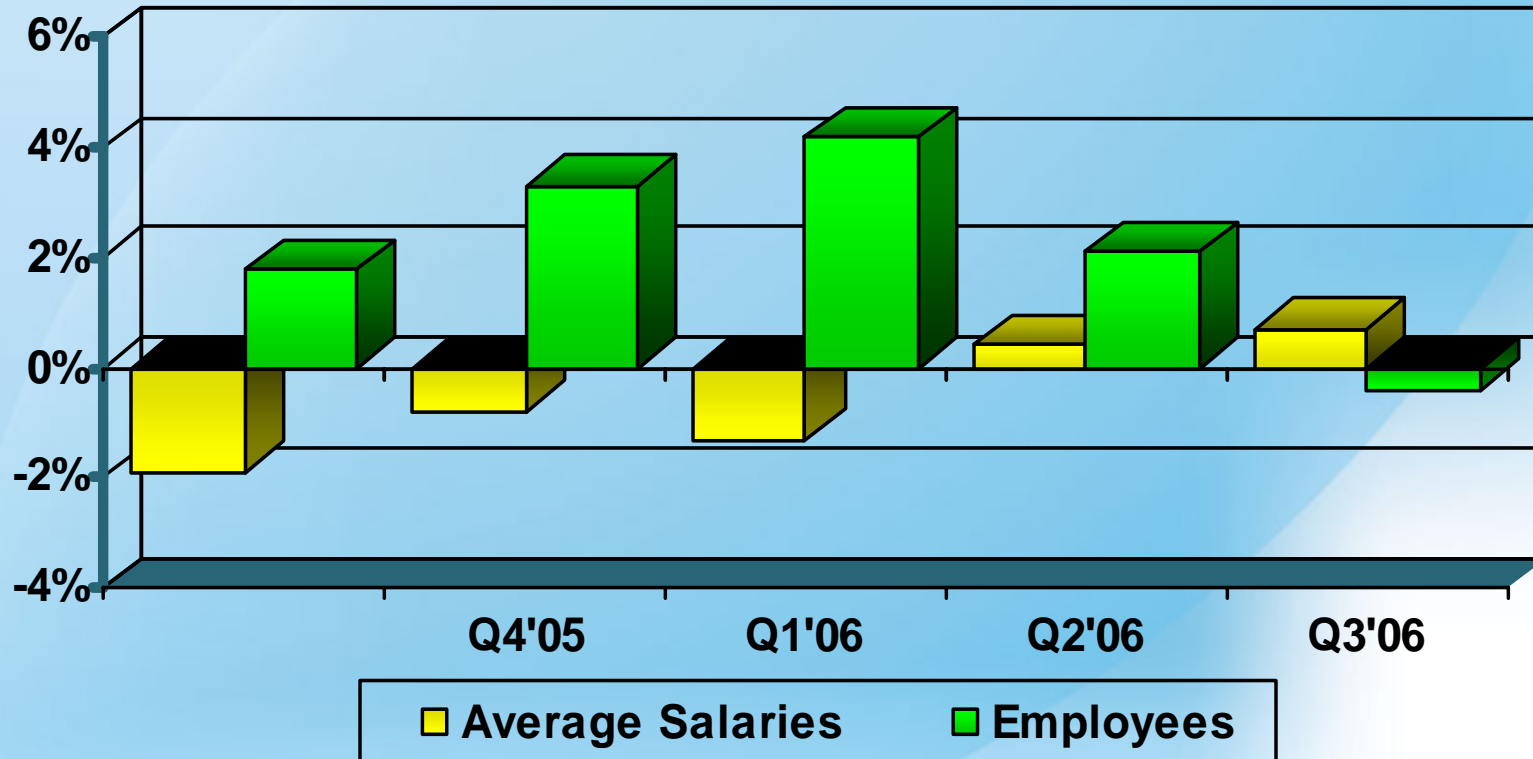
*Consolidated

**Excludes special labour charge

Average Salary Up 0.7%, Employee Levels Down 117 or 0.4%. Air Canada Services Alone Down 755 Emps.

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

% Change Y-O-Y

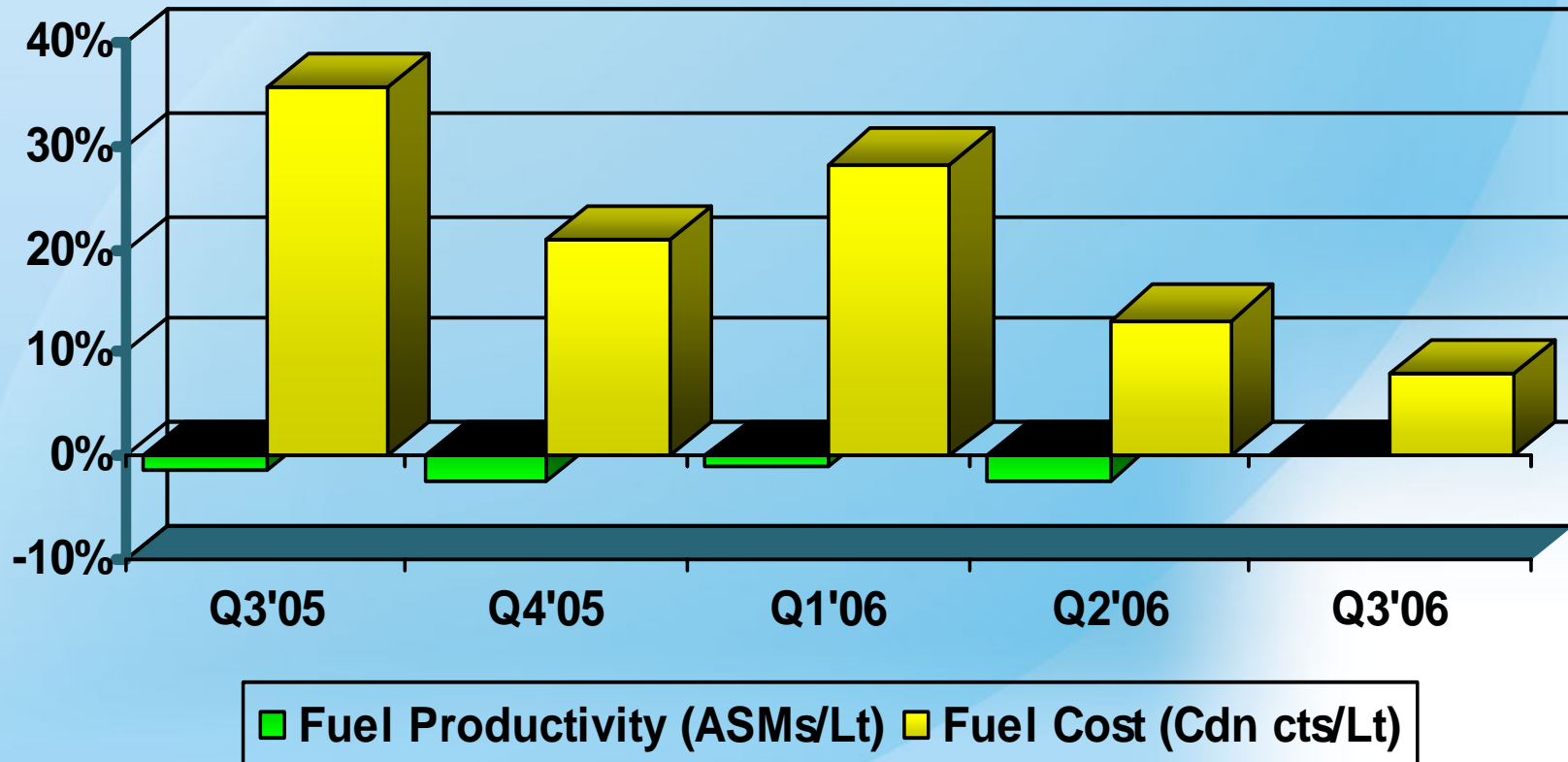


*Consolidated

Cost/Litre Up 8% While Fuel Productivity is Unchanged

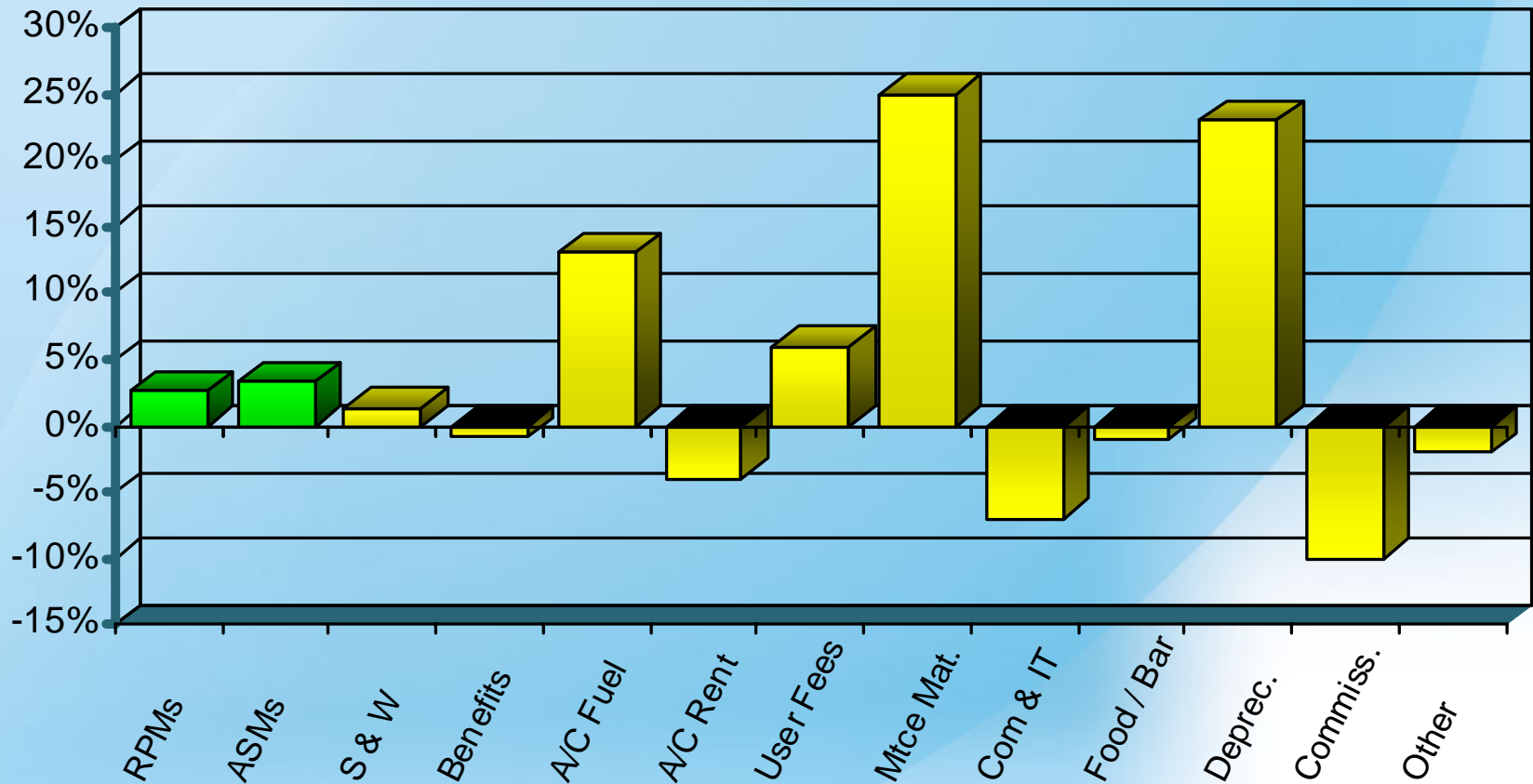
(Fuel Productivity & Unit Cost)

% Change Y-O-Y



Other Than Mtce. & Non-controllable Categories i.e. Fuel, User Chgs. and Deprec., Most Cost Categories are Down

% Change Y-O-Y



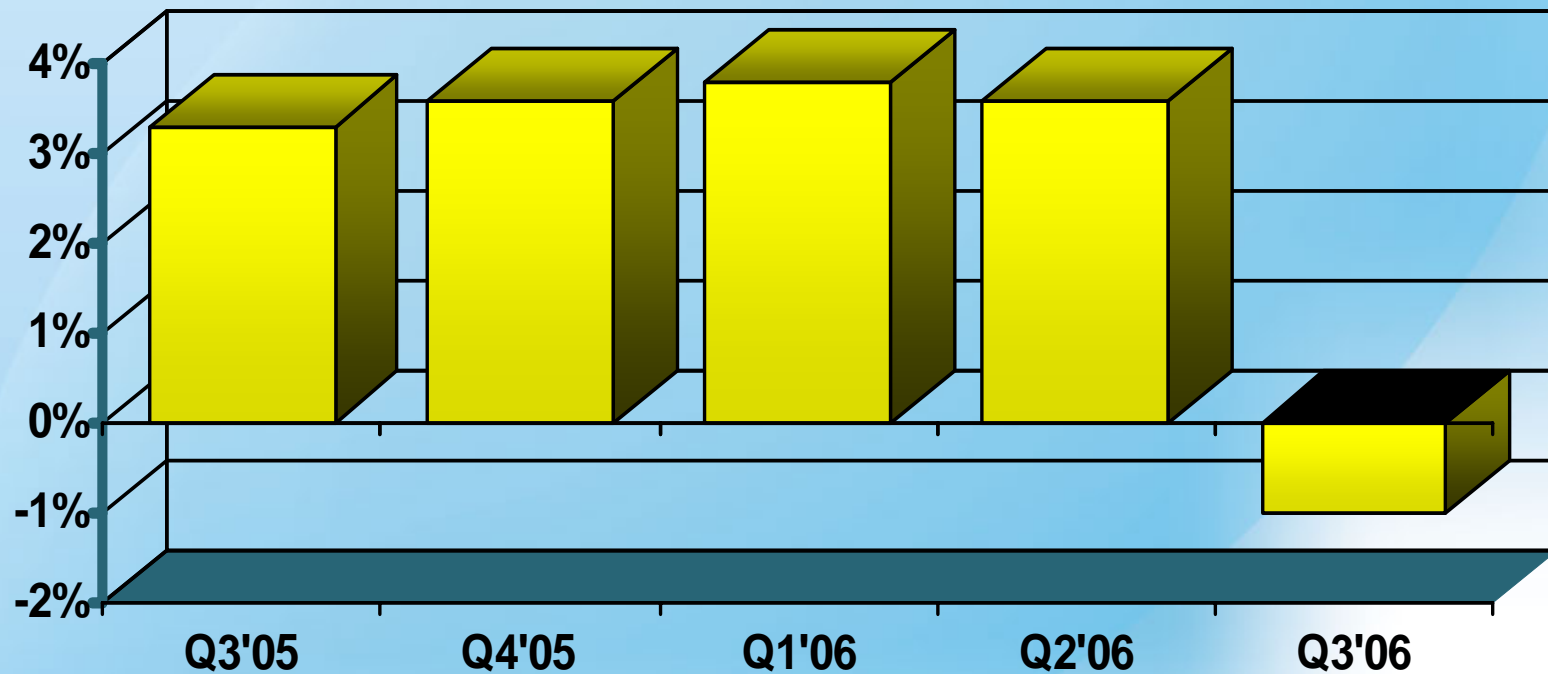
***Consolidated**

Q3 2006/2005

Unit Cost Excl. Fuel Down 1.0% Due Improvements in SW&B, Communication, Food & Bar and "Other" Costs

(Cost Per ASM*)

% Change Y-O-Y



*Consolidated

Balance Sheet – Good Liquidity, Good Working Capital

(ACE Aviation Holdings - Consolidated)

	Sept 30/06 \$ mlns	Dec 31/05 \$ mlns	% Change
Cash + S. Term Invst.	\$ 2,886	\$ 2,181	32%
Current Assets	\$ 4,127	\$ 3,354	23%
Property & Equip.	\$ 5,822	\$ 5,494	6%
Current Liabilities	\$ 3,400	\$ 3,011	13%
Long Term Debt	\$ 3,643	\$ 3,543	3%
Shareholder's Equity	\$ 1,599	\$ 1,168	37%
Book Value/share (basic)	\$ 15.68	\$ 11.47	37%

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