



AIR CANADA

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Air Canada to Form Leisure Group with Combination of New Low-Cost Airline and Air Canada Vacations; Michael Friisdahl Appointed as President and CEO of new unit

MONTREAL, Oct. 2, 2012 /CNW Telbec/ - Air Canada today unveiled plans to form an integrated leisure group, combining the activities of its tour operator business, Air Canada Vacations, with its new low-cost leisure airline to launch in 2013. In addition, the airline announced the appointment of Michael Friisdahl as President and Chief Executive Officer to lead its new leisure group which will be a wholly owned subsidiary of Air Canada.

"The creation of a leisure group that combines our new low-cost leisure carrier with Air Canada Vacations, our successful tour operator business, is a major milestone for Air Canada," said Calin Rovinescu, President and Chief Executive Officer. "Our new leisure group will benefit from combining the low cost carrier with the strong brand reputation of Air Canada Vacations and leveraging the established marketing and distribution channels of both Air Canada Vacations and Air Canada. As a result, Air Canada will be able to compete more effectively in this highly dynamic and expanding market.

"I extend a warm welcome to Michael Friisdahl as he takes on this key leadership role in this strategic component of Air Canada's overall growth strategy," continued Mr. Rovinescu. "With Michael's experience in the international leisure travel business, he brings a wealth of talent and a proven record for success in this industry. We look forward to his coming on board and being part of this exciting venture."

Mr. Friisdahl will report to Ben Smith, Executive Vice President and Chief Commercial Officer of Air Canada.

Air Canada's New Leisure Airline Prepares for Take-off

The new low-cost leisure carrier will commence service in June 2013 with two Boeing 767-300ER aircraft and two Airbus A319 aircraft that will be released from Air Canada's mainline fleet. It will serve popular holiday destinations in Europe and the Caribbean that are either currently underserved, or that do not generate adequate profitability with Air Canada's existing cost structure. At launch, the leisure carrier will assume select Air Canada leisure services and will also operate certain new destinations not currently operated by Air Canada. Further details on the leisure airline's summer 2013 program, schedule and product offering will be communicated later this fall with Air Canada's 2013 schedule. The carrier's plans are subject to obtaining the necessary regulatory approvals.

The leisure carrier will increase its fleet as Air Canada starts to take delivery of new Boeing 787 Dreamliner aircraft in 2014, thereby freeing up aircraft for transfer to the leisure carrier. As this occurs and subject to commercial demand, the leisure carrier may operate up to 20 Boeing 767-300ER aircraft and 30 Airbus A319 aircraft, for a total of 50 aircraft.

On September 20, 2012, Air Canada announced that it will hire more than 900 employees over the next 12 months to meet its planned workforce requirements at the main airline. In addition, 200 new jobs will be created for flight attendants and pilots at the new low-cost leisure carrier.

About Michael Friisdahl

Michael Friisdahl has more than 25 years of experience in the international leisure travel and hospitality business. Prior to joining Air Canada, he held the positions of Chief Executive Officer and Member of the Group Executive Board at Thomas Cook North America. Mr. Friisdahl previously held the positions of President and Chief Operating Officer of Thomas Cook North America (2001-2003) and of Thomas Cook Canada (2000-2003). Under his leadership, Thomas Cook became a leading leisure travel group in Canada with significant growth in revenues. Prior to joining Thomas Cook, he was the Chief Executive Officer and Partner of the tour operator Holiday Network which he successfully grew until its sale to My Travel Group plc (which subsequently merged with Thomas Cook) in 2000.

About Air Canada Vacations

Air Canada Vacations is a leading Canadian tour operator offering a wide assortment of leisure travel packages including cruises and tours. All packages include accommodation, Aeroplan Miles and roundtrip airfare aboard Air Canada and its Star Alliance partners. Repeat recipient of the Consumer's Choice Award for Best Travel Wholesaler, Air Canada Vacations services over 100 destinations in the Caribbean, Central & South America, Asia, Europe, and in the U.S. For more information, visit

About Air Canada

Air Canada is Canada's largest domestic and international airline serving more than 175 destinations on five continents. Canada's flag carrier is the 15th largest commercial airline in the world and in 2011 served more than 33 million customers. Air Canada provides scheduled passenger service directly to 59 Canadian cities, 56 destinations in the United States and 63 cities in Europe, the Middle East, Asia, Australia, the Caribbean, Mexico and South America. Air Canada is a founding member of Star Alliance, the world's most comprehensive air transportation network serving 1,356 destinations in 193 countries. In 2012, Air Canada was ranked Best International Airline in North America in a worldwide survey of more than 18 million airline passengers conducted by independent research firm Skytrax.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Air Canada's public communications may include forward-looking statements within the meaning of applicable securities laws. Forward-looking statements, by their nature, are based on assumptions 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, employee and labour relations, currency exchange and interest rates, competition, 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 Air Canada's public disclosure file available at www.sedar.com. Any forward-looking statements contained in this news release represent Air Canada's expectations as of date of this news release 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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