



AIR CANADA

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Air Canada to Introduce International Premium Economy Cabin; Adds Five New Boeing 777-300ER Aircraft to Mainline Fleet

MONTREAL, Feb. 7, 2013 /CNW Telbec/ - Air Canada today announced it will introduce a new International Premium Economy cabin for customers seeking enhanced comfort and service on international flights as it continues to modernize its widebody fleet with the addition of five new Boeing 777-300ER aircraft.

Introduction of International Premium Economy Cabin

Complementing its Economy and Executive First options on international flights, Air Canada's new Premium Economy cabin will offer customers a wide range of benefits including a dedicated cabin featuring larger seats that are wider, providing more recline, with seven more inches of legroom than Economy and are never more than one seat from the aisle (due to a 2-4-2 configuration). Customers will also be offered premium meals with complimentary bar service and priority check-in and baggage delivery at the airport. More information on Air Canada's new Premium Economy cabin is available at www.aircanada.com/premiumeconomy.

Air Canada's Premium Economy cabin will be introduced on Air Canada's Montreal-Paris flights effective July 11, 2013. Additional routes offering Premium Economy will be added over time as new aircraft enter the carrier's mainline fleet.

International Fleet Expands and Modernizes

Air Canada will expand and modernize its international widebody fleet with the addition of five new Boeing 777-300ER aircraft. In addition to two Boeing 777-300ER aircraft previously announced that will be delivered in June and August 2013, Air Canada today announced that it will add three new Boeing 777-300ER aircraft to be delivered in November and December 2013 and February 2014. With the addition of these five aircraft, Air Canada's Boeing 777 fleet will consist of 23 aircraft comprising the latest generation of 300ER and 200LR models.

"With the introduction of Premium Economy, Air Canada will begin offering customers a new, high-value option for enhanced comfort and service on international flights," said Ben Smith, Executive Vice President and Chief Commercial Officer. "The delivery of five new Boeing 777-300ER aircraft over the next 12 months provides us with the right opportunity to launch a new cabin of service that will be offered on more of our international flights over time as we take delivery of new 787 aircraft. We will continue to adapt our product to ensure our customers have competitive options to choose from - whether traveling on Air Canada mainline routes or with our leisure carrier, AirCanada *rouge*, to its vacation destinations."

Competitive International Products

Air Canada's five new Boeing 777-300ER aircraft will be the first aircraft configured with the carrier's new Premium Economy cabin prior to the arrival of Boeing 787 aircraft scheduled to begin delivery in 2014. The five Boeing 777-300ER aircraft will also offer a larger Economy cabin as Air Canada will strategically deploy these aircraft on select international markets with high volume demand for economy travel.

"In today's highly-competitive industry environment, it is critical to continue developing new products and refresh existing ones in order to ensure we offer customers the product features to meet their needs on a market-by-market basis," said Mr. Smith. "We're looking forward to introducing our first new Boeing 777-300ER with Premium Economy on our Montreal-Paris route beginning in July 2013."

Air Canada's Premium Economy seats on its Montreal-Paris flights are now available for purchase, as are Premium *rouge* seats on Air Canada *rouge* flights to European vacation destinations: Edinburgh, Venice and Athens. Visit www.aircanada.com for details.

Continued Mr. Smith, "As these new Boeing 777-300ER aircraft enter our fleet over the next year, we will continue to deploy these five aircraft on routes in our international network where market demand calls for a larger supply of Economy and Premium Economy seats, in addition to continuing to offer Executive First business class service.

"The introduction of these Boeing 777-300ER aircraft in our fleet and launch of Air Canada's new Premium Economy cabin on the Montreal-Paris route will allow us to compete effectively in a market with high demand for economy travel that is served by both international network and charter carriers. We are confident Air Canada's Economy and Premium Economy options will

distinguish themselves as fresher and more appealing, in addition to offering our award-winning Executive First service featuring lie-flat beds," concluded Mr. Smith.

The five Boeing 777-300ER aircraft that will begin delivery in June 2013 will be configured with a larger Economy cabin with 398 new "slimline" leather seats providing 31-inch legroom consistent with the comfort of Air Canada's current Economy cabin, while the dedicated Premium Economy cabin of 24 leather seats will provide 38-inch legroom along with other enhanced comfort features. Air Canada's Executive First cabin will offer 36 seats that convert into 180-degree lie-flat beds in a staggered configuration of one or two, to allow customers traveling alone or with a companion to choose their preferred seating and sleeping options. Customers in all three cabins of service will enjoy an enhanced individual seat back in-flight entertainment system with hundreds of hours of complimentary audio visual entertainment options featuring larger screens and customer-friendly technology by Panasonic.

Fleet Modernization to Continue with Introduction of Boeing 787

In addition to the introduction of Premium Economy, new seats and a leading edge entertainment system, Air Canada's five new Boeing 777-300ER aircraft will provide customers with a refreshed interior colour palette in modern, neutral tones unique to these aircraft pending the official launch of Air Canada's future in-flight product and cabin design that will be made in conjunction with the introduction of Boeing 787 aircraft into its fleet.

Air Canada's 37 Boeing 787 aircraft will feature a brand new, enhanced version of Air Canada's award-winning Executive First lie-flat beds and product that has yet to be announced, in addition to Premium Economy and Economy options. The Boeing 787 fleet will be deployed on the carrier's current and future high premium demand international routes.

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 2012 served close to 35 million customers. Air Canada provides scheduled passenger service directly to 59 Canadian cities, 55 destinations in the United States and 64 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 1,329 destinations in 194 countries. Air Canada customers can collect Aeroplan miles for future rewards through Canada's leading loyalty program, and Top Tier members enjoy reciprocal frequent flyer benefits including lounge and priority services.

Air Canada is the only international network carrier in North America to receive a Four-Star ranking according to independent U.K. research firm Skytrax. In 2012, Air Canada was ranked for a third consecutive year "Best International Airline in North America" in a worldwide survey of more than 18 million airline passengers conducted by Skytrax. According to the 2012 Canadian Business Travel Survey conducted by Ipsos Reid, Air Canada was the preferred airline for more than 79 percent of frequent business travellers in Canada. In 2012, readers of *Global Traveler* magazine voted Air Canada "Best Airline in North America," the readers of *Business Traveler* voted Air Canada "Best North American Airline for International Travel" and "Best In-Flight Services in North America," and the readers of *Premier Traveler* voted Air Canada "Best North American Airline for Business Class Service," "Best North American Airline for International Travel" and "Best Flight Attendants in North America." For more information on Air Canada visit aircanada.com and follow @AirCanada on Twitter and Facebook.

Attention Photo Editors: A high resolution image of Air Canada's new Premium Economy seat is available for downloading at: http://www.aircanada.com/en/about/media/facts/premium_economy.html

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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

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SOURCE: AIR CANADA

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