



# AIR CANADA

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## **Air Canada Responds to Commissioner of Competition's Opposition to Canada-U.S. Transborder Joint Venture**

MONTREAL, June 27, 2011 /CNW Telbec/ - Air Canada provided the following statement in response to Canada's Commissioner of Competition filing a Notice of Application today with the Competition Tribunal opposing a proposed Canada-U.S. transborder joint venture by Air Canada and United Continental Holdings, Inc. (UCH) (the parent company of United Air Lines, Inc. (United) and Continental Airlines, Inc. (Continental)); the Commissioner also opposes aspects of Air Canada, United and Continental's existing transborder cooperation arrangements. The airlines filed a request for approval of the proposed joint venture by Canada's Commissioner of Competition on November 5, 2010.

While Air Canada has cooperated extensively with the Commissioner throughout the review process, Air Canada strongly disagrees with the Commissioner's position. Air Canada and United Continental Holdings believe in the merits and consumer benefits of the proposed transborder joint venture and enhanced cooperation between the parties that builds on the existing relationship between Air Canada and United. The airlines' position is consistent with the findings of regulatory agencies around the world, and supported by leading international economists, who have recognized and documented the benefits to consumers of such arrangements. The co-operative relationship between Air Canada and United, which has been conducted in accordance with applicable laws and the terms of Antitrust Immunity granted by U.S. regulatory authorities and in a manner consistent with the Advisory Opinion issued by the Canadian Competition Bureau in 1996, has provided more efficient and convenient service to customers.

Transborder relationships among Air Canada, United and Continental were reviewed by U.S. regulatory authorities and granted immunity from U.S. antitrust laws on the basis that they promote competition and benefit consumers. The proposed transborder joint venture and enhanced cooperation between the parties is consistent with the terms of the July 2009 decision of the United States Department of Transportation granting Air Canada, United and Continental, among other parties, antitrust immunity to pursue more integrated commercial cooperation, including joint ventures.

Pending further developments relating to the outcome of the Commissioner's application, Air Canada and UCH have agreed to suspend the proposed transborder joint venture which would have allowed Air Canada and UCH to increase existing customer benefits significantly through lower fares, better coordinated flight schedules and connection times, more route choices, and improved frequent flyer benefits.

Air Canada's transborder services remain unaffected, and it will continue to provide all of its existing services between Canada and the United States. The airline remains committed to arrangements that provide customers traveling between Canada and the United States with more efficient and convenient service. Air Canada passengers will also continue to enjoy the benefits of reciprocal frequent flyer programs, check-in facilities and airport lounges.

### **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, currency exchange and interest rates, employee and labour relations, 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](http://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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