



# AIR CANADA

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# Air Canada comments on federal government regulation amending the airline's pension funding rules

MONTREAL, July 24 /CNW Telbec/ - The Minister of Finance advised Air Canada earlier today that a regulation has been approved that amends Air Canada's pension funding obligations to allow for a moratorium on past service contributions for a 21-month period and fixed payments thereafter for the 2011-2013 period. This follows on the ratification of pension funding agreements by all five of Air Canada's Canadian-based unions and the successful conclusion of a consultation process with its retirees, managers and administrative, technical and support employees (AT&S) for these same pension funding arrangements.

"This is an extremely important milestone. Achieving an alternative pension funding solution that defers deficit funding in this environment is a major achievement and an important step forward towards stabilizing the company," said Calin Rovinescu, President and CEO, Air Canada. "In this tight credit market, the securing of new financing to meet liquidity requirements over the medium term remains our next major challenge. If that is achieved we will then be better positioned to manage through this period of global economic weakness and significantly lower airline revenues. An unrelenting and disciplined focus on cost management and a new approach to revenue generation will be key to our success in returning Air Canada to profitability."

The Company concluded comprehensive labour agreements on a cost neutral basis for 21 months with its entire unionized workforce in Canada, in addition to a pension funding moratorium. The agreements remain subject to Air Canada entering into agreements to raise a minimum of \$600 million in new financing.

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