



AIR CANADA

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Air Canada and TAM expand network between major cities in Brazil and Canada

Bilateral partnership includes reciprocal benefits for Aeroplan and Fidelidade members, as TAM prepares to join Star Alliance

SAO PAULO, Brazil, Oct. 7 /CNW Telbec/ - Air Canada (TSX: AC-A.TO, AC-B.TO), a founding member of Star Alliance, and TAM (Bovespa: TAMM4 and NYSE: TAM), Brazil's largest airline, today announced they have concluded an agreement to expand their networks on a codeshare basis, offering customers more choice of destinations and convenient transfers to major cities throughout Brazil and Canada. This bilateral agreement also provides for reciprocal travel reward benefits for the members of the carriers' frequent flyer programs, Aeroplan and TAM Fidelidade. The introduction of codeshare services and reciprocal travel reward benefits is planned to take effect November 2008, subject to government approval.

Separately, Star Alliance today announced that following the successful conclusion of membership talks with TAM, the Chief Executive Board of Star Alliance has voted to accept Latin America's largest air carrier as a future member.

"Air Canada is pleased to take these initial steps towards a stronger relationship with our partner TAM, Brazil's leading airline and Latin America's largest carrier, that will benefit the customers of both airlines by offering easier access to the most popular destinations in Brazil, Canada and beyond," said Montie Brewer, Air Canada's President and Chief Executive Officer, in Sao Paulo for the announcement that TAM has been invited to become a future Star Alliance member. "As a founding member of Star Alliance, we have seen the enormous benefits that the Alliance has brought to international travellers in terms of simplifying the travel experience, and providing more choice to connect the world more easily. We look forward to welcoming TAM as a Star Alliance member and offering an expanded range of benefits that our customers value most."

With the implementation of this new bilateral partnership agreement between Air Canada and TAM, customers of both airlines will benefit from simplified bookings, seamless connections on a single ticket and baggage check-through to final destination. Through connections at Sao Paulo Guarulhos International Airport, Air Canada's network will expand to serve six major Brazilian cities on a codeshare basis operated by TAM: Rio de Janeiro, Salvador, Recife, Belo Horizonte, Curitiba and Porto Alegre. TAM customers in turn, will benefit from an expanded network including daily codeshare service operated by Air Canada between Sao Paulo and Toronto with convenient connections in Toronto to: Vancouver, Calgary, Edmonton, Winnipeg, Montreal and Quebec City.

According to David Barioni, TAM's President, the agreement with Air Canada contributes to the company's strategy to expand their operations abroad as one of the major airline companies in the world. "We are committed to offering our clients high quality services compatible with international standards, within the three pillars our operation is based upon: excellence in services, excellence in technical operation and excellence in management," said Mr. Barioni.

Between Toronto and Sao Paulo, Air Canada operates year-round daily non-stop service with 211-seat Boeing 767-300ER aircraft, replaced with a larger 349-seat Boeing 777-300ER during the peak travel months December to March. Air Canada's new in-flight product features lie-flat beds in its international business class cabin, Executive First, and digital quality seatback entertainment on demand for all customers - on international as well as shorter North American flights, in both economy and business class.

Paulo Castello Branco, TAM's Vice President, Commercial and Planning, adds: "The agreement with Air Canada reinforces our strategy to establish partnerships with major airlines worldwide and allows us to offer our clients a broader range of destinations in North America."

About TAM - TAM Airlines (www.tam.com.br) has been the domestic market leader since July of 2003, and closed last May 2008 with 49.3% of market share. The company flies to 42 destinations in Brazil. With business agreements signed with regional companies, it reaches 79 different destinations in the country. TAM's market share among Brazilian companies that operate international flights stood at 74.3% in May. Operations abroad include TAM flights to 16 destinations in the United States, Europe and South America: New York and Miami (USA), Paris (France), London (England), Milan (Italy), Frankfurt (Germany), Madrid (Spain), Buenos Aires and Cordoba (Argentina), Santa Cruz de la Sierra (Bolivia), Santiago (Chile), Asuncion and Ciudad del Este (Paraguay), Montevideo and Punta del Este (Uruguay), and Caracas (Venezuela). It has code-share agreements that make possible the sharing of seats on flights with international airlines, enabling passengers to travel to 64 other destinations in the U.S., Europe and South America.

About Air Canada - Montreal-based Air Canada provides scheduled and charter air transportation for passengers and cargo to more than 170 destinations on five continents. Canada's flag carrier is the 14th largest commercial airline in the world and serves 33 million customers annually with a fleet consisting of 335 aircraft. Air Canada is a founding member of Star

Alliance, providing the world's most comprehensive air transportation network.

Air Canada was ranked in 2007 as the "Best Airline in North America" for the second time in three years in an independent passenger survey of 14 million air travellers conducted by Skytrax. In addition, Air Canada was recently voted 'Best Airline in North America' and 'Best Airline in Canada' by the readers of Global Traveler magazine, and 'Best Business Class to Canada' by the readers of Business Traveler magazine. In 2007, Air Canada was recognized by the editors of Air Transport World as the airline industry leader in market innovation, specifically Air Canada's success in implementing an innovative and transparent pricing structure, its effectiveness in using online technology to meet consumers' needs and its fleet-wide renewal with a consistent, market-leading onboard product among North American airlines.

For further information:

For further information: Air Canada Contacts: Isabelle Arthur (Montréal), (514) 422-5788; Peter Fitzpatrick (Toronto), (416) 263-5576; Angela Mah (Vancouver), (604) 270-5741; Internet: aircanada.com; TAM Contacts: +55 (11) 5582-8795/8153/8167, tamimprensa@tam.com.br, www.tam.com.br, www.taminforma.com.br

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