



AIR CANADA

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Air Canada eliminates second bag fee, folds fuel surcharges into advertised fares in response to lower oil prices

Airline also moves to further simplify baggage policies

MONTREAL, Sept. 18 /CNW Telbec/ - Air Canada announced today that in response to decreasing fuel prices the airline is eliminating all second checked-bag charges implemented this spring and incorporating fuel surcharges into its advertised base fares on North American flights.

"Although the cost of fuel remains highly volatile and far above historic norms, the recent retreat in oil prices is enabling us to reinstate our previous baggage policy. We are eliminating the second checked bag charge on North American Tango and Tango Plus fares, reflecting our customers' expressed preferences. Further, Air Canada is making its pricing more transparent by removing add-on fuel surcharges for flights within North America and instead adjusting its base fares to cover the total cost of fuel," said Ben Smith, Executive Vice President and Chief Commercial Officer. "These initiatives are made possible by the recent relief from all-time high oil prices and even though fares will remain dynamic, Air Canada is committed to everyday low prices and will continue to match the lowest fares in the marketplace." With the measures announced today Air Canada will:

- Eliminate starting September 23, 2008, the \$25 fee for second checked bags that was introduced May 15 for Tango and Tango Plus fares within North America. Air Canada becomes the first major North American carrier to remove second checked bag fees introduced this year to help offset record high oil prices.
- Incorporate into its advertised prices the one-way, add-on fuel surcharge that currently ranges between \$20 and \$60 on domestic and U.S. transborder flights. Starting September 18, 2008, Air Canada will adjust its published fares to include the total cost of fuel in its advertised base fares. This will provide customers simple, transparent and low fares always available at www.aircanada.com.
- Starting October 14, simplify its excess baggage fees by introducing a single \$75 fee for travel within North America (\$100 international) for overweight and/or oversize pieces. This new policy replaces the standard industry practice of imposing individual fees for each situation. For bags exceeding the free allowance, the excess piece fee will now include any applicable overweight or oversize fees. A 10 per cent discount on excess piece fees is offered when fees are paid while checking-in online at aircanada.com or at an airport self service kiosk. Air Canada will continue to review its policies to determine what adjustments are to be made so that, against a backdrop of high and volatile fuel prices, it continues to provide the products and services that respond to customer demand.

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 34 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 for Canadian domestic, transborder and international travel. Air Canada aircraft offer customers individualized seatback in-flight entertainment systems with hundreds of hours of digital audio-visual entertainment. As well, customers can collect Aeroplan miles for future awards through Canada's leading loyalty program.

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