



AIR CANADA

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AIR CANADA TO COMMENCE TORONTO CITY AIRPORT FLIGHTS IN FEBRUARY 2011

MONTREAL, Oct. 4 /CNW Telbec/ - Air Canada today announced that it has settled the terms of a long term Commercial Carrier Operating Agreement (CCOA) with the Toronto Port Authority (TPA), operator of Billy Bishop Toronto City Airport. Conclusion of the agreement is subject to certain conditions, including agreement with the lessor of terminal space, City Centre Terminal Corp. (CCTC), for lease of space at the airport. In addition, the airline has entered into a letter of intent for the leasing of aircraft and has finalized arrangements with a regional carrier to operate flights from the Toronto Island airport beginning in February 2011.

Air Canada's initial schedule will offer customers the choice of up to 15 daily non-stop flights from Billy Bishop Toronto City Airport, in close proximity to downtown Toronto, to Montreal Trudeau International Airport.

"We are very excited to return to Toronto City Airport in the coming months," said Ben Smith, Executive Vice President and Chief Commercial Officer. "These arrangements mark solid progress as we work to develop a unique product tailored to meet the diverse needs of travelers between Canada's two largest cities. Our customers have told us they want an airport option close to downtown Toronto to complement our Rapidair service which offers flights up to every 30 minutes at peak times."

Flights will be operated with Bombardier Dash 8 Q400 turboprop aircraft. Air Canada has signed a letter of intent with a lessor for the five aircraft that will be operated on the Toronto City Airport-Montreal route. Formal terms and conditions of the lease agreements are expected to be finalized in the coming weeks.

Following a competitive bid process to select a Canadian regional operator for these aircraft, Air Canada has concluded a capacity purchase agreement with Sky Regional Airlines Inc., an associated company of Skyservice Business Aviation. The regional carrier will sublease and operate the Dash 8 Q400 aircraft on behalf of Air Canada. Selection of Sky Regional Airlines was based on a number of criteria including a competitive cost structure, a proven track record in customer service excellence and experience maintaining Dash 8 Q400 aircraft. The selection of Sky Regional Airlines to operate these flights has no impact on Air Canada's commercial arrangements with other regional carriers including Jazz Air LP with which Air Canada maintains a strong commercial relationship.

Air Canada is actively engaged in talks with the airport terminal owner, City Centre Terminal Corp. (CCTC), towards an agreement to lease terminal facilities that will accommodate the new service.

Dash 8 Q400 aircraft are modern and environmentally-friendly, employing state-of-the-art equipment and technology. They are capable of steep approach and reduced engine RPM landings to minimize operating noise. It is also the most fuel-efficient aircraft in its class, burning less fuel per seat than most regional jets and narrow-bodied aircraft. The Q400 aircraft's revolutionary Noise and Vibration Suppression (NVS) system results in the quietest turboprop interior in the industry. It is powered with Pratt & Whitney Canada (PWC) turboprop engines.

About Sky Regional Airlines, Inc.

Sky Regional Airlines Inc. is an associated company of Skyservice Business Aviation, a proven Canadian aviation service provider with over 400 employees dedicated to uncompromising service and unparalleled safety and security, the pillars upon which Skyservice Business Aviation was built.

Skyservice Business Aviation provides Canada's premiere fixed base operations, private charter services, managed aircraft, air ambulance and maintenance support for commercial and private air transportation.

As one of the largest and most successful corporate and regional aircraft services and management companies in Canada, its highly skilled technicians have extensive experience in providing support and heavy maintenance services to a variety of regional aircraft including the Dash 8 Q400 aircraft. With over 400,000 square feet of facilities in Montreal, Toronto and Calgary, the company is committed to ensuring all aspects of its operations meet the highest standards.

About Air Canada

Air Canada is Canada's largest domestic and international full-service airline providing scheduled and charter air transportation for passengers and cargo to more than 170 destinations on five continents. Canada's flag carrier is the 15th largest commercial

airline in the world and serves 31 million customers annually. Air Canada provides scheduled passenger service directly to 59 destinations in Canada, 58 in the United States and 60 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 1,167 destinations in 181 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.

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