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Agenda

- About Air Canada and Air Canada Cargo
- Network – summer 2011
- Air Canada Cargo Solutions
- Air Canada Cargo Traffic Flows
- Importance of cargo contribution to passenger airlines
- Airport logistics – challenges
- Regulatory Environment
- Innovation Solutions & Technologies
- Conclusion

Air Canada's Mission & Vision

Our Mission:

Connecting Canada and the world.

Our Vision:

Building loyalty through passion and innovation.



Air Canada's Extensive Network

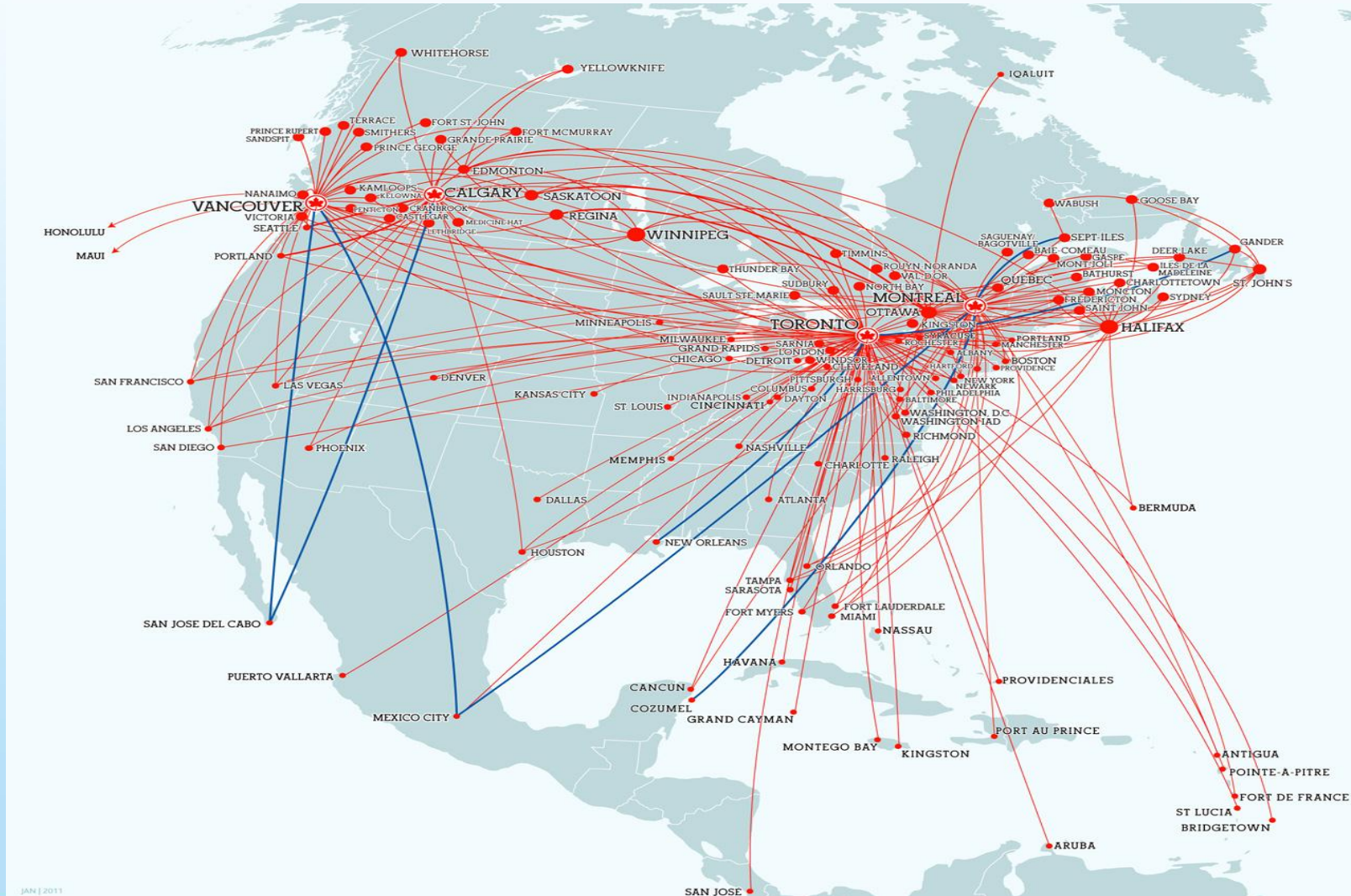
- 364 aircraft in fleet
 - Avg. fleet 10.7 yrs
 - 787 in service in 2013
- Servicing over 175 direct destinations on five continents
- Together with over 150 partners, servicing over 444 cargo destinations
- Extended trucking network for AC Cargo:
 - 146 scheduled trucking destinations
 - 135 adhoc trucking destinations
- AC Express Feeder

International Network – Summer 2011



JAN | 2011

North America Network – Summer 2011



Air Canada Cargo's Solutions



AC General Cargo



AC DGR



AC Expedair



AC Live



AC Compassion



AC Post



AC Secure



AC Cool Chain



AC Pharmacair

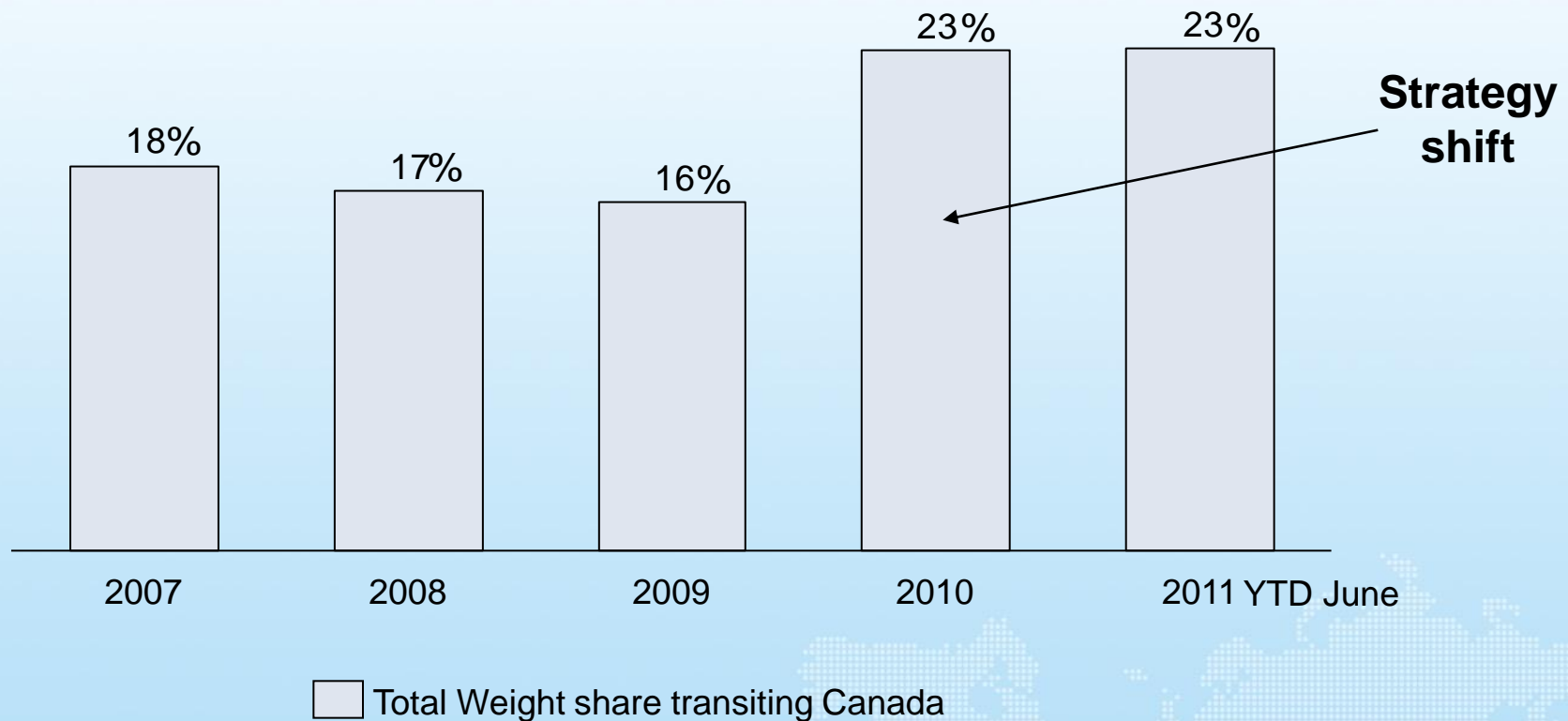


AC Fresh



AC Absolute°

Freight Transiting Canada on Air Canada



Source: Subito – Sales Cube / 2011 YTD June

Importance of Cargo revenue contribution on Passenger Routes

- Airport real estate is at a premium. It is important that common use facilities need to be adapted to the needs of airlines
- Profitability drives new route launch opportunities
- Cargo contribution on new routes can contribute significantly
 - We have had occasion when cargo revenues have offset up to 40% of the cost of operation
- Facilitating cargo logistics at airports is key

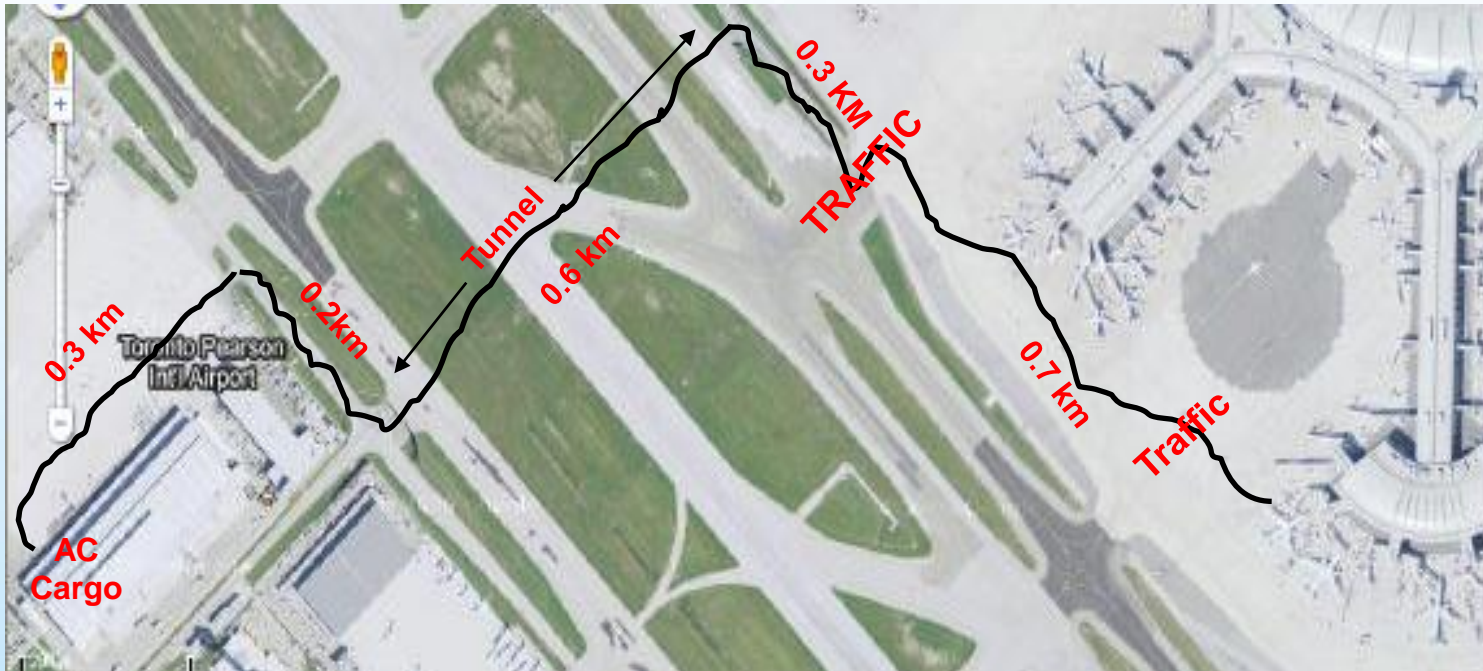
Exposure Times at Airports

- **Objective:** To minimize the exposure shipments to extreme temperatures.
Aim is to limit exposure to under 60 min
- **Points to consider:**
 - Warehouse facilities (i.e. availability of coolers, ambient holding areas)
 - Distance from warehouse to aircraft
 - Travel time from warehouse to aircraft under normal conditions
 - Possible delays (traffic, weather, others)
 - Loading/offloading time of cargo
 - Pre-conditioning of cargo holds
 - Priority of loading different shipments

Irregular Operations

- Extreme weather conditions – too hot / too cold
- Heavy snow
- Aircraft grounded for technical reasons

Shipment Exposure at Toronto Airport



Total Exposure (Ideal):

Distance = 2.1 km

Under Ideal conditions:

Travel time = 30min

Time at aircraft = 15 min

Loading time = 15 min

Total Exposure = 60 min ✓

Total Exposure (Irregular):

Distance = 2.1 km

Under Irregular conditions:

Travel time = 45 min*

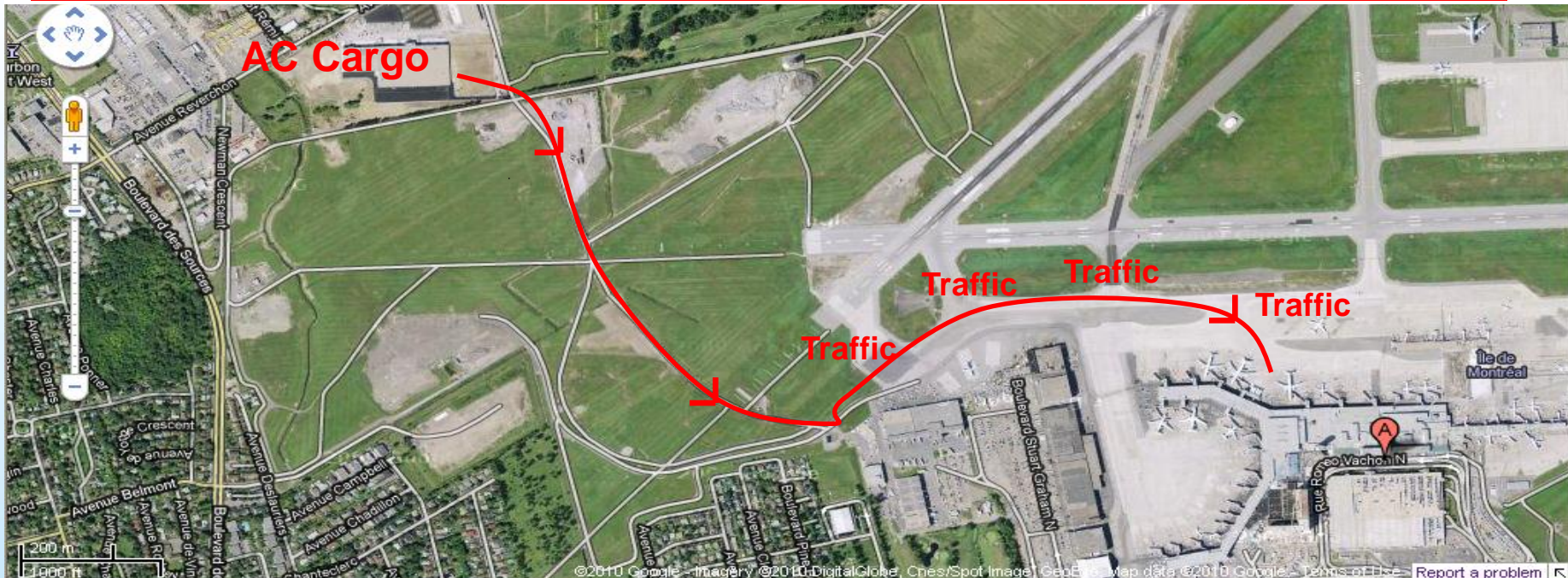
Time at aircraft = 45 min*

Loading time = 30 min*

Total Exposure = 120min > 60min ✗

* Possible Scenario

Shipment Exposure at Montreal Airport



Total Exposure (Ideal):

Distance = 3.7 km

Under Ideal conditions:

Travel time = 22min

Time at aircraft = 15 min

Loading time = 15 min

Total Exposure = 52 min < 60 min ✓

Total Exposure (Irregular):

Distance = 3.7 km

Under Irregular conditions:

Travel time = 30 min*

Time at aircraft = 45 min*

Loading time = 30 min*

Total Exposure = 105min > 60min ✗

* Possible Scenario

Regulatory Environment

- AC Cargo member of IATA Cargo Security Task Force
- Actively participating in task forces with IATA, ICAO, WCO with the intent to ensure that aviation security legislations will be compatible with and take full account of the interests and constraints of the airline industry and trade facilitation.
- International harmonization and standards for the security of the airfreight supply chain for both mail and cargo
- Focus on advance electronic information for risk assessment (customs) – eliminating paper
- Airport authorities (including smaller regional airports) need to understand the cargo supply chain in order to ensure cost effective solutions can be implemented at all points of entry
- Complexities for various special commodities need to be resolved
 - Dangerous Goods
 - Human Remains
 - Live Animals
 - Any items where damaging the integrity of the packaging could spoil the product

Innovative Solutions and Technologies

- Transport Canada and Air Canada to work together on Cargo Seals and RFID technologies integration
- Air Canada Cargo has successfully tested (proof of concept) RFID technology for processing cargo between YUL and LHR
- e-business
 - e-consignment security declaration
 - e-AirWaybill
 - e-Freight penetration
- Collaboration with Airport Authorities

Thank You !