



Air Canada Clarifies and Updates 2020 Compensation Programs

Air Canada is providing updates regarding its 2020 compensation outcomes and announcing additional actions being taken by its Senior Executives. In general: 1) The 2020 compensation outcomes for all Air Canada employees were among the many important decisions made during the pandemic in the best interest of Air Canada and its stakeholders. 2) These compensation outcomes were approved by the Board of Directors in mid-2020 in consultation with external advisors, and in conformity with the Corporation's governance principles and best practices. 3) They were consistent with compensation outcomes at companies that also suffered significantly during the pandemic and comply with all of the company's agreements and any applicable filing or other requirements. 4) Air Canada worked hard to preserve as many jobs as possible through the pandemic, with employee retention being a critical priority to enable continued operations through this extended crisis and to prepare for sustainable emergence from the pandemic. Further details of the 2020 Compensation programs are also provided.

Air Canada Clarifies and Updates 2020 Compensation Programs, June 6, 2021, www.aircanada.ca

Air Canada's senior executives to return 2020 bonuses over 'public disappointment'

Air Canada said that its senior executives will give back its bonuses and stock awards citing public disappointment. Air Canada scrapped its bonus plan during the COVID-19 pandemic and replaced it with a new plan that paid \$10-million in "COVID-19 Pandemic Mitigation Bonuses" earlier this year. It also gave out special share-appreciation units at the end of 2020 that were designed to compensate executives and management for salary cuts the airline announced publicly during the pandemic.

Air Canada's senior executives to return 2020 bonuses over 'public disappointment', June 6, 2021, www.globeandmail.ca

Weekly aircraft movements, May 22 to 28, 2021

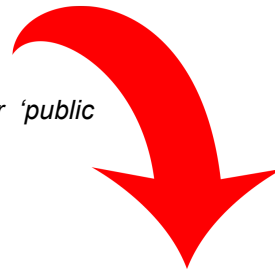
Weekly data on aircraft itinerant movements are now available for May 22 to 28, 2021 on Statistics Canada website. For the week ending May 22, 2021 total domestic aircraft movements were 28,849 compared to 37,021 for the week ending May 15, 2021.

Weekly aircraft movements, May 22 to 28, 2021, June 9, 2021, www.statcan.gc.ca

Easing of quarantine restrictions for Canadians a good step, but Canada still needs a restart plan

The June 9, 2021 announcement by the federal government of new border requirements for fully vaccinated Canadians and permanent residents is a move in the right direction, Canada's airports say. But airports are disappointed the new measures do not more fully incorporate the recommendations of Health Canada's Expert Advisory Panel report "Priority strategies to optimize testing and quarantine at Canada's borders" and that there is still no plan for the restart of air travel. "Canada urgently needs a plan to end hotel quarantines for all vaccinated international travellers, and an end to the funneling of international flights to just four airports," said CAC President Daniel-Robert Gooch. "We also need the government to engage with industry on how travellers will be treated based on vaccination levels in future phases, in order for airports and our industry partners to properly plan, and progress on digital health certificates."

Easing of quarantine restrictions for Canadians a good step, but Canada still needs a restart plan, June 9, 2021, www.cacairports.ca



WestJet to offer Canadians the most flights to Hawaii this winter

WestJet on June 10, 2021 announced significant growth to its Hawaii network, featuring more *Dreamliner* flight options from Western Canada to Maui and new non-stop service from Calgary to Kona and Lihue this winter. With 57 weekly roundtrip flights on 10 nonstop routes, WestJet offers more service between Canada and Hawaii than any other airline. "With easing travel restrictions, we know our guests are planning to turn their long-awaited Hawaiian getaway dreams into a well-deserved reality." said John Weatherill, WestJet, Chief Commercial Officer. "We've increased our winter service to Hawaii by more than 25 per cent from 2019 to ensure our guests have increased flexibility and the most affordable, non-stop options from Western Canada."

WestJet to offer Canadians the most flights to Hawaii this winter, June 10, 2021, www.westjet.ca

Air Canada Extends Deadline of Its COVID-19 Refund Policy by 30 Days

Air Canada announced on June 10, 2021 a 30-day extension of its COVID-19 refund policy. The policy allows eligible customers who purchased a non-refundable ticket before April 13, 2021 for travel on or after February 1, 2020, but who did not fly for any reason, to submit their request for a refund online or with their travel agent. Eligible customers now have until July 12, 2021 to submit a refund request. Since April 13, 2021, approximately 40% of eligible customers have requested a refund; 92% of submitted requests have been processed

Air Canada Extends Deadline of Its COVID-19 Refund Policy by 30 Days, June 10, 2021, www.aircanada.ca

Airports Council Urges President Biden, Prime Minister Trudeau, and G7 leaders to support the development of interoperable digital health passes at the G7 Summit

Airports Council International – North America (ACI-NA) President and CEO Kevin M. Burke and Canadian Airports Council President Daniel-Robert Gooch recently joined ACI World Director General Luis Felipe de Oliveira in writing to U.S. President Joe Biden and Canadian Prime Minister Justin Trudeau to urge G7 leaders to support the continued development and proliferation of interoperable digital health passes at the G7 Summit, beginning Friday, June 11, which will promote the safe and swift reopening of international borders.

Airports Council Urges President Biden, Prime Minister Trudeau, and G7 leaders to support the development of interoperable digital health passes at the G7 Summit, June 10, 2021, www.cacairports.ca

Transat shares hit highest point since March as it plans July 30 restart

Transat AT Inc., the vacation operator that Air Canada tried to buy, will discontinue its nascent hotel division and increase its presence in Eastern Canada in an effort to restart its business and return to profit. The Montreal-based company will gradually resume operations starting July 30, it said in a statement on Thursday. As part of its new strategy, it plans to seek partnerships with other carriers to expand its network, renegotiate some aircraft leases and real-estate contracts, and narrow its fleet to only two Airbus SE plane models.

Transat shares hit highest point since March as it plans July 30 restart, June 10, 2021, www.financialpost.ca

Cash flow generation varies by region

In IATA's latest Airlines Financial Monitor they showed that the airline industry posted Q1 net losses similar to those in Q4 as the global resurgence of COVID-19 halted air travel recovery in early-2021 and fuel costs increased. On a more positive note, rate of cash burn slowed over the same period. Based on the initial financial results, industry-wide Q1 net cash outflow (NCF) from operating activities was at ~5% revenues and free cash outflow (FCF) at 18% of revenues – robust improvement on -37% (NCF) and -52% (FCF) results in Q4. Looking forward, financial performance will vary across regions. Airlines with large share of domestic traffic is expected to recover first. For now, the outlook is the most positive for North American carriers – some of which should stop burning cash in Q2 and reach profitability in H2 should the US domestic bookings momentum continue over the summer

Cash flow generation varies by region, June 4, 2021, www.iata.org

Air Cargo Up 12% in April Compared to Pre-COVID Levels

The International Air Transport Association (IATA) released April 2021 data for global air cargo markets showing that air cargo demand continued to outperform pre-COVID levels (April 2019) with demand up 12%. The highlights were: 1) Global demand, measured in cargo tonne-kilometers (CTKs*), was up 12% compared to April 2019 and 7.8%

compared to March 2021. Seasonally adjusted demand is now 5% higher than the pre-crisis August 2018 peak. 2) The strong performance was led by North American carriers contributing 7.5 percentage points to the 12% growth rate in April. Airlines in all other regions except for Latin America also supported the growth. 3) Capacity remains 9.7% below pre-COVID-19 levels (April 2019) due to the ongoing grounding of passenger aircraft. 4) Airlines continue to use dedicated freighters to plug the lack of available belly capacity. International capacity from dedicated freighters rose 26.2% in April 2021 compared to the same month in 2019, while belly-cargo capacity dropped by 38.5%.

Air Cargo Up 12% in April Compared to Pre-COVID Levels, June 8, 2021, www.iata.org

April Airline Industry Employment Down 1% from March

U.S. airlines employed 706,504 workers in April 2021, 6,531 fewer than in March 2021 (713,035) and 48,591 fewer than in March 2020 (755,095). The April 2021 industry numbers consist of 592,931 full-time and 113,573 part-time workers. The largest March to April reductions among major airlines were American Airlines, down 2,410 employees, and SkyWest Airlines, down 2,329 employees. From the start of the pandemic in March 2020, the largest employment reductions were Delta Air Lines, down 24,321 employees, and United Airlines, down 23,632 employees. From March 2020 to April 2021, Federal Express added 24,392 employees.

April Airline Industry Employment Down 1% from March, June 8, 2021, www.bts.gov

April travel demand a tale of 2 markets: Domestic recovery & international stagnation

The International Air Transport Association (IATA) announced that domestic travel demand improved in April 2021 compared to the prior month, although it remained well below pre-pandemic levels, while recovery in international passenger travel continued to be stalled in the face of government-imposed travel restrictions. Because comparisons between 2021 and 2020 monthly results are distorted by the extraordinary impact of COVID-19, unless otherwise noted all comparisons are to April 2019, which followed a normal demand pattern. 1. Total demand for air travel in April 2021 (measured in revenue passenger kilometers or RPKs) was down 65.4% compared to April 2019. That was an improvement over the 66.9% decline recorded in

March 2021 versus March 2019. The better performance was driven by gains in most domestic markets. 2. International passenger demand in April was 87.3% below April 2019, little changed from the 87.8% decline recorded in March 2021 versus two years ago. 3. Total domestic demand was down 25.7% versus pre-crisis levels (April 2019), much improved over March 2021, when domestic traffic was down 31.6% versus the 2019 period. As with March, all markets except Brazil and India showed improvement compared to March 2021, with both China and Russia reporting traffic growth compared to pre-COVID-19 levels. "The continuing strong recovery in domestic markets tells us that when people are given the freedom to fly, they take advantage of it. Unfortunately, that freedom still does not exist in most international markets. When it does, I'm confident we will see a similar resurgence in demand," said Willie Walsh, IATA's Director General.

April travel demand a tale of 2 markets: Domestic recovery & international stagnation, June 6, 2021, www.iata.org

March 2021 U.S. Airline Traffic Rose 30% from February

U.S. airlines carried 41.2 million systemwide (domestic and international) scheduled service passengers in March 2021, seasonally-adjusted, according to the Bureau of Transportation Statistics (BTS), up 29.6% from February 2021. BTS reported 37.8 million domestic passengers and 3.4 million international passengers on U.S. airlines flights in March 2021. U.S. airline traffic reports are filed monthly with BTS. See the tables that accompany this release on the BTS website for summary data since 2016 (Tables 1-24) and complete data since 2000.

March 2021 U.S. Airline Traffic Rose 30% from February, June 10, 2021, www.bts.gov

CAC Air Travel Recovery webinar recording available

On May 27, the CAC hosted an Air Travel Recovery webinar. With 350 people attending, the webinar has received very positive feedback on the quality of the speakers and discussion. The video recording can be found here: <https://www.youtube.com/watch?v=O5Rkmo1c5s>

Concorde Unique – Supersonic Cabin Initiatives, by Jennifer Coutts Clay, CMILT

With the promise of a return to commercial supersonic flight on the horizon, it's time to capitalise on the cabin innovations that will break through the barriers to passenger comfort, health and well-being.

As we consider the viability of supersonic flight, it's time to step inside the cabin and look for opportunities in weight savings, sustainability and passenger health. The article [Supersonic Cabins](#), written by Jennifer Coutts Clay, author of *JETLINER CABINS: Evolution and Innovation*, points to clever aircraft-cabin innovations which could boost fuel-efficiency, create a better environment for passengers, and redefine the luxury of high-speed travel. Coutts Clay explores applications for hi-tech fabrics, new biodegradable materials, and developments like dimmable windows and in-flight connectivity. Also considered are some of the priorities for aviation, post COVID-19, such as anti-microbial surface treatments, as described in *2021 FLYING HEALTHY*, published by CILTNA on 09 February 2021.