Before beginning my official remarks, on behalf of everyone at Air Canada I would like to extend our sympathies to all those in Alberta affected by the wildfires burning there. This tragedy is brought even closer to home here because of the many Nova Scotians working in Fort MacMurray and in the oil sand fields. We are executing a plan to transport those fleeing the fires from Edmonton or Calgary to their destinations and to support relief efforts. To date we have already added the equivalent of 31 of our A320s, or more than 11 of our Boeing 777 aircraft to assist with getting people home and we will continue monitor demand to ensure mobile workers from Alberta can get home from Edmonton or Calgary at our very lowest fares.

We will also be there to help when Nova Scotians travel to go back to work in Alberta which we all hope will be sooner rather than later.

Good morning and thank you everyone for taking time to attend our annual general meeting today. It is my great pleasure to be in Halifax with you, particularly as this year marks 75 years since Trans Canada Air Lines first flew to Halifax, linking this city to the rest of Canada.

Moreover it is fitting that we hold today's meeting at Pier 21 in this year during which we proudly supported the Canadian government's Syrian refugee initiative with special flights to Jordan and Turkey, welcoming close to 4,000 immigrants to their new home.

With me today are members of our executive team who will be pleased to speak with you at the conclusion of today's meeting. I encourage you to approach them if you have any questions.

In September 2010, just over five years ago, as we were emerging from the crisis years of 2008 and 2009, I was invited to speak at the Banff Global Business Forum. Rather than talk about the past challenges, I selected as my topic "Becoming a Global Champion in Today's Market".

We had just witnessed the two worst years in commercial aviation. Jet fuel had spiked to over $140/barrel and was hovering well above $100. Air Canada had come off of a net loss of over $1 billion, our pension plan deficit exceeded $4 billion and our stock price was less than $1.

I called this Global Champion goal "aspirational" and was “confident” we could achieve it, but promised that we would not spike the ball on the 10-yard line.

By 2010, Canadian business had already lost many leading global icons from diverse fields such as telecommunications, manufacturing, retail, mining, energy, steel, high tech, etc. and there had been much debate about the “hollowing out” of Canada. So, I thought then, that I would take the theme of global leadership and build it into somewhat of an internal Air Canada challenge and indeed mantra – for our Board, our senior executives, our managers, our line employees.

Why couldn’t Air Canada, a then-75-year-old airline, be capable of really thinking big, despite the challenges of 2008 and 2009? And why couldn’t we make the case for being a Global Champion coming out of the very deep recession we were then in?

Frankly, simply having everyone in our organization asking themselves these very basic questions was already half the battle.

Moreover we learned a number of very valuable lessons. That one has to move quickly and take risks when all is bleakest.

And, second, that you must play to your strengths rather than see your legacy as a weakness. We were not a 10-year-old, low-cost carrier and we could not pretend to be – we were then 75 years old and one of the world's leading international carriers with many legacy strengths.

And third – be nimble. Our competitive environment demands that we are prepared to make good decisions quickly and evolve at a fast pace.

So how have we fared on our journey to be a Global Champion just over six years into it? Now, frankly I must confess that whether or not we were to actually ever be recognized as a Global Champion was almost irrelevant – it was the very aspiration and ethos of continuous improvement that mattered to me.

Rather than just focus on 2015, I thought I would give you our six year report card which provides a more meaningful measure of our progress.

Global Champions sustain profitable growth. For 2015, our annual operating revenues were a record $13.9 billion, versus $9.7 billion for 2009. This represents top line growth of more than 40% - and this for a company nearly 80-years -old.

EBITDAR was a record $2.5 billion last year, versus $679 million in 2009 – an increase of close to 270%.

Our EBITDAR margin was a record 18.3% in 2015 versus 7.0% in 2009. As you, our shareholders know, this is an important measure of our operating profitability. It is also one of three metrics we gave our investors as hard targets to track our progress. We have also targeted an EBITDAR margin of 15%-to-18% between 2016 and 2018.

With respect to cost, we have made significant progress, reflected in Air Canada's cost per available seat mile (CASM), which has decreased 9.3 per cent from 2014 alone. Our efforts began in 2009 with an across the board Cost Transformation Program to capture immediate annual revenue gains and cost savings of $530 million. Starting in 2012 we introduced additional programs focused on better fleet utilization through such things as seat densification, more efficient aircraft, the introduction of Air Canada rouge and a revised capacity purchase agreement with Jazz. We are on track to realize CASM savings of 21 percent, excluding the impact of foreign exchange and fuel prices, by the end of 2018 compared to 2012.

Adjusted Net income was $1,222 million last year, well up from a net loss of $671 million in 2009.

A second metric that we gave investors was for Return on Invested Capital. We are targeting an ROIC of 13% to 16% between 2015 and 2018. In 2015, our ROIC was a record 18.3%, an improvement of nearly 20 percentage points from a negative 1.5% in 2009.

Strengthening our balance sheet was another key priority. At year-end 2015, we had unrestricted liquidity of about $3 billion, compared to $1.4 billion at the end of 2009.

As a result, our leverage ratio was 2.5 (times) at the end of 2015, far better than the unsustainable 8.3 (times) we recorded in 2009. Here we are targeting a leverage ratio of 2.2(times) by 2018.

One other area critical to long-term sustainability is our company pension plans. The solvency surplus in our domestic registered pension plans was $1.3 billion at the end of 2015. This is a vast improvement over our $2.7 billion deficit at the end of 2009.

In addition to addressing the deficit, we also moved to stabilize our plans by matching 75% of Air Canada's pension liabilities to fixed income products. This has mitigated a significant portion of the interest rate, or discount rate risk, that previously played havoc with our plans. This is good for everyone, shareholders and employees.

Our progress has been reflected in our stock price. Our share price is now up more than 300% over 2009.

Apart from rewarding investors for their commitment and risk taking, Global Champions also create meaningful employment, globally. We now employ over 28,000 people, making us one of the largest private sector employers in the country. Our people work in 29 countries on all six continents.

And we continue to grow. For example we're currently adding 320 pilots, 640 flight attendants at Air Canada mainline and 425 flight attendants for Air Canada *rouge*. As a result of capacity purchase agreements with our regional carriers, we also support 5500 jobs at these airlines as well.

The effect of this is felt locally. Air Canada employs close to 350 people in the Halifax region. In addition, Jazz Aviation, our largest Air Canada Express partner, employs about 800 people in the area.

Jazz Aviation operates service on behalf of Air Canada with over 700 departures daily to 56 destinations in Canada and 22 destinations in the United States – it is therefore an integral part of Air Canada's North American strategy and also provides valuable feed traffic to Air Canada mainline and Air Canada rouge routes.

Over the last two years we have substantially enhanced our relationship with Jazz through a new capacity purchase agreement which extends to 2025. The new agreement better aligns the interests of both companies and the resulting fleet, operational and cost efficiencies will allow Air Canada to compete more effectively in regional markets, improve our product and service offerings and generate connecting traffic to support our growing international network.

The agreement provides for further modernization of the Jazz fleet with the addition of 23 Dash 8 Q400 aircraft to gradually replace 34 Bombardier Dash 8-100 and 25 CRJ200 aircraft.

In addition, a pilot mobility agreement provides Jazz pilots with access to pilot vacancies at Air Canada, allowing a significant reduction in Jazz operating costs and creating entry job opportunities for pilots at Jazz. We expect to offer approximately 500 Jazz pilots the opportunity to move to mainline as a result of this arrangement.

Global Champions have a powerful and well understood brand. On a busy day we can fly more than 140,000 people, or a total of 41 million last year, to 200 destinations worldwide. We are now among the top 15-20 largest airlines in the world and certainly one of the most recognized Canadian brands around the globe.

Global Champions are significant players in terms of the economy. They drive economic growth. We spent roughly $9.5 billion on products and services in 2015, approximately half of that in Canada. We spent more than $100 million locally on operational expenses in Nova Scotia, not to mention our Capacity Purchase Agreement with Jazz valued at more than $1 billion.

*Global Cha*mpions have extremely engaged workforces. Here too we have seen a major change at

Air Canada. We now have unprecedented 10-year labor agreements with most of our major unions. We have been named one of Canada's Top 100 employers, and one of the most desirable workplaces according to our own employees in Glassdoor's 2016 Employees' Choice Awards.

Global Champions make a lasting and meaningful contribution to diversity and inclusion. Apart from being the right thing to do, promoting diversity is a competitive advantage and we are making full use of the diverse talent available to us. We are proud of the fact that 60 different languages are spoken among our employees and we were named as one of Canada's Top Diversity employers.

To cite one instance of diversity's real life applications, this year we operated 13 flights to bring Syrian refugees to Canada. We were able to crew our aircraft with Arabic speaking employees, easing a difficult journey for many of these families and providing these newcomers with a valuable introduction to Canadian multiculturalism. Can you imagine how all the immigrants who arrived here at Pier 21 would have felt to be greeted by a Canadian official speaking in their own language?

Global Champions find ways to exploit their USPs (Unique Selling Points) and have cutting edge products and services. Since 2010, we have been determined to re-engage our customers in a meaningful way and challenge the organization to see if we have what it takes to not only excel once in a while or when our backs are against the wall but to consistently excel from year-to-year.

We have invested in new equipment with a $9 billion capital expenditure program, mostly for next generation aircraft. We will have one of the youngest fleets in the sky. We intend to press this advantage as we keep taking delivery of the 37 Boeing 787 Dreamliner aircraft we have on order. Complementing these will be our new narrow-body aircraft, including the Boeing 737 Max starting in 2017, and the next-generation Canadian-made Bombardier C Series in 2019.

Our other unique selling points are our expansive network and our preferred geographic competitive advantage. Our next generation cabin features new lie flat suites in International Business Class and the first dedicated Premium Economy cabin in North America. Recently we completed the installation of in-flight Wifi on North American flights and we plan to begin installing satellite Wifi on our wide-body, international fleet beginning later this year. We also plan to spend $300 million in 2016 to refurbish our Boeing 777s and bring them up to the new standard.

Our efforts since 2010 were recognized through a series of industry awards including recognition as the only Four-Star international network carrier in North America.

Global champions embrace risk, seize new opportunities, innovate and expand. In our case we took a sizeable risk to launch Air Canada rouge as a leisure brand, playing against type to Air Canada's premium brand and conventional offerings.

Rouge has been an amazing success – not only contributing significantly to our profitability, but also enabling us to maintain or expand our leisure routes in markets that cannot sustain mainline service.

Moreover, it has created job opportunities. Since its launch in July 2013, rouge has continually grown and is set to reach 1,600 employees this summer.

Finally, rouge provides us with swing capacity to respond to changes in aggregate demand.

Global Champions foster a culture of success – they feel like and behave like winners. Being nimble and having both flexibility and results-orientation as part of your DNA. And this is what I consider perhaps our greatest success since 2009: changing the very culture at Air Canada - as a corporate culture sets the tone for everything that you do.

In our very complex service business, this entails giving employees more discretion and empowering them to make decisions. To create a culture of entrepreneurship, a high performance organization and a "just do it" mindset - not easy for a company such as ours, which has historically been rule-bound and process driven.

Global Champions have a truly global mindset. We have increased our capacity outside Canada by more than 47 per cent since 2009.

Last year, and again this year, fully 90 per cent of our growth will be in international markets where we compete with all global players.

Since 2009, we have launched non-stop service to more than 30 destinations. While this has included new

Canadian city pairings, U.S. and sun destinations, the most exciting have been our international routes. Among these are non-stop flights to Athens, Amsterdam, Barcelona, Copenhagen, Delhi, Dubai, Edinburgh, Tokyo/Haneda, Istanbul, Manchester, Rio de Janeiro and Venice. This summer new routes will include Glasgow, Budapest, Warsaw, Prague, Casablanca and Brisbane.

Fundamentally we are not afraid to have our hubs compete with the likes of rival hubs in New York, Chicago or elsewhere competing for international to international traffic.

Global Champions support key industries where a win-win outcome is possible. We are proud to be the first major North American carrier to order Bombardier's C Series. We believe it sent an important signal to the market and gave other airlines such as Delta, the confidence to purchase this extremely efficient, next generation aircraft.

Global Champions invest and manage their businesses for the long term, not for quick hits or short term trading opportunities. Think about the amazing business that Amazon has been building, with virtually no profit for years. Airlines in particular, operate over a long, virtually generational cycle. Take aircraft purchasing.

Once you order an aircraft it typically takes four or five years until delivery and of course you will have no clue whether or not the universe will have changed by then, or whether you might be in the middle of a new recession. The aircraft then, typically has a lifecycle of 25 years. It amounts to a serious commitment that cannot be measured meaningfully in any given quarter.

Consequently, an investment timeframe has to match this long term strategy. More and more investors, such as Larry Fink, CEO at Blackrock, are increasingly arguing for the importance of “long-termism” in investing and in managing businesses. I wholly endorse that. We need to run our business and make capital allocation decisions based on sustainable profitability in the long term interests of our stakeholders.

A level playing field is crucial for global success. True Global Champions from other countries are often unconstrained in their ability to compete and win based on exploiting their strengths. Canadian public policy has not always been favourable and in particular with respect to our industry and Air Canada.

The industry carries burdensome security surcharges that are not reinvested in the industry and policies such as these translate into higher travel costs that impede economic activity.

In Air Canada’s case in particular, our company has been subject to some rather unique provisions of a 30-year-old privatization statute, The *Air Canada Public Participation Act*, dating from the time the company ceased to be a Crown Corporation. These include certain obligations for mandatory provisions as to where we are required to perform aircraft maintenance.

No other airline in Canada or to our knowledge, any private sector airline anywhere, is subject to restrictions such as those imposed on Air Canada.

We need a level playing field and the same ability to manage our business and affairs as our competitors. The federal government has tabled a bill to amend and modernize the Air Canada Act, which we believe was long overdue.

Finally, Global Champions also recognize their social responsibilities. We have made sustainability an integral aspect of our operations. Most immediately, one thinks of the environment, and here, we have stepped up, improving our fuel efficiency by 10% since 2009 and 38% since 1990.

Our corporate responsibility initiatives extend even further, into local communities. The Air Canada Foundation, which helps sick and disadvantaged children, supports a number of national and local programs, such as Breakfast Clubs of Canada and here in Halifax the IWK Health Centre. In 2015, the Foundation donated over 1100 promotional tickets to charities, over 15 million Aeroplan Miles and more than $1 million in financial grants, an 88 per cent increase over 2014.

Working with Breakfast Clubs of Canada , Air Canada was able to provide a surprise trip for a young First Nations boy Trent Leon from Anaheim Lake whom we flew to Montreal to meet his idol, Montreal Canadiens goalie and Breakfast Club Ambassador Carey Price. I'd like to show you now just a short teaser for the full-length video which can be found on aircanada.com

In Air Canada, Canada has an iconic, global brand that has succeeded through eight decades of incredible change to product, networks, markets and customer expectations, and while we may or may not be on that elusive 10-yard line near the Global Champion goal, I can tell you that we are and will continue to embrace that change.

And we intend to keep evolving, innovating and reinventing ourselves to find the new Global Champion playbook and to stay ahead of the curve.

I would like to conclude by thanking our 28,000 employees for their hard work during the year to produce these record results. I would also like to thank our shareholders for their continued support. We have accomplished a tremendous amount in the past several years, but I am still of the view that the best is yet to come.

Thank you.