

Spring 2001



Cargo **News**

New Look For Toronto's Gateway Hub

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Message from our Vice President

AT Air Canada Cargo, 2001 is shaping up to be an exciting year! Following the successful integration with Canadian Airlines, Air Canada Cargo is now ranked as the 14th largest cargo carrier in the world. Moving up in the ranks brings a renewed commitment and focus to ensure that customer experience is top notch.

"Air Canada recognises the significant role that air cargo plays in the world-wide distribution of commodities and has responded to the challenges of the marketplace by creating a new Cargo Branch dedicated and focused on customer service," said Claude Morin, Vice President, Air Canada Cargo.

"Our mandate is to ensure that our service levels match our customer expectations. To this end, we are placing a tremendous amount of attention on employee training, the development of a quality assurance program and the creation of an internal Cargo Safety Board."

On the labour front, an agreement has been reached with the International Association of Machinists (IAM) allowing employees from both Air Canada and Canadian to commingle in the workplace.

With this agreement now in place Air Canada Cargo can move forward and begin building a future with their employees as one solid team.

Globally the cargo community is experiencing an economic slowdown in capacity. "Less freight and an increase in the competition means that now more than ever the focus must be on customer service," said Claude Morin. "We continually monitor market capacity and have responded to current market conditions by right sizing our capacity. We anticipate that in May and June we will once again crank up the capacity to be ready for the traditionally busy summer season."

This fall, our focus will be in Toronto when we open our new Air Canada Cargo facility. An enormous undertaking, the new state-of-the-art cargo center will feature increased handling capacity and a new automated ICS (Inventory Control System) to ensure efficient storage/retrieval and tracking of freight to meet the growing demands of Toronto's gateway hub.

The Cargo Team at Air Canada has developed a reputation for superior customer service



and reliability. In the face of many challenges, they have maintained their professionalism with both customers and colleagues. These qualities have served us well in our past challenges and will strengthen our team as we face the opportunities and fresh challenges ahead of us. 🍁

	AC541	AC542	AC785	AC784	AC1036	AC1036
ROUTING	OTTAWA - SAN JOSE	SAN JOSE - OTTAWA	CALGARY - SAN JOSE	SAN JOSE - CALGARY	CALGARY - LONDON, ONT.	LONDON, ONT. - CALGARY
STATUS	OPERATING	OPERATING	JUNE 29	JUNE 29	JUNE 29	JUNE 29
DEPARTURE	0745	1130	1045	1315	1600	0800
ARRIVAL	1045	1950	1218	1648	2150	0942
AIRCRAFT	A319	A319	A319	A319	A319	A319
FREQUENCY	DAILY	DAILY	DAILY	DAILY	DAILY	DAILY

New Routes

ON March 5, 2001, Air Canada launched a new daily non-stop service between Ottawa and San Jose, California. The new route will be operated with an Airbus A319 aircraft.

The new service links Ottawa to San Jose and the Silicon Valley, expanding the synergies of the technology industry in both regions.

On June 29, Air Canada will increase its service into the California market by launching daily non-stop service from Calgary to San Jose. Also on June 29, Air Canada will launch daily non-stop service from Calgary to London, Ontario. Both new services will be operated with an Airbus A319 aircraft. 🍁

Station Profile: Sydney, Australia

ALTHOUGH Air Canada is relatively a new player in the Australian market, it has already developed a very powerful and positive image in the South Pacific.

"We are proud to continue serving this dynamic market," said Steve Gibbs, Senior Director, Cargo Sales, U.S.A., Latin America and South Pacific. "We will continue to build on the solid reputation developed by Canadian Airlines over the past fifty years as a leader in the Australian/Canadian export market."

Air Canada Cargo offers daily B767-300 service to Sydney from Honolulu. Onward connections to Canada are convenient and easy through the Honolulu hub, with daily service to both the Vancouver and Toronto markets. Air Canada Cargo also offers customers a choice of three flights per week to Calgary from Honolulu.

Star Alliance partner Ansett Australia Cargo handles Air Canada Cargo in Sydney. The Ansett Australia Cargo Terminal is the closest cargo handling terminal to the passenger terminal gates and is regarded



as the most efficient cargo handling operation in Sydney. Ansett recently upgraded their facilities with the installation of new automated handling equipment prior to the commencement of the Air Canada contract.

Air Canada Cargo played a major role in the post-2000 Sydney Olympic Games, exporting numerous tonnes of media equipment and sporting goods to Canada, the U.S. and the UK. A diversified market, Australia's main export commodities include chilled lamb, fresh-cut flowers, pharmaceuticals and machinery. 🚚



Paul Fitzgerald



Helen Thompson



Carly Puckeridge



Paul Connolly

THE SOUTH PACIFIC TEAM

Air Canada Cargo - Hawaii & South Pacific

Rick Burden*
Regional Cargo Sales
Manager - Hawaii & South Pacific

Air Canada Cargo - Sydney
Paul Fitzgerald
Manager, Cargo Sales, Australia
Helen Thompson
Senior Cargo Agent

Carly Puckeridge
Cargo Agent

Air Canada Cargo - Melbourne
GSA (Pacific Gateway)
Paul Connolly
Area Sales Manager, Melbourne
Linda Tait*
Cargo Agent

*Photo not available

Customer Service Update

2001 will be an exciting year for the Customer Service branch of Air Canada Cargo. Aggressive plans have been developed and are being implemented to ensure that customers receive top-notch service around the globe.

Facilities have been upgraded in major locations in the Americas to improve customer service and handle the increased volume. Our management and support organisation has been completed and at most stations an integrated workforce is in place.

"It goes without saying that our primary focus is our customers, shareholders and employees," said Jean-Luc Paiement, General Manager, Customer Service, Cargo Operation, the Americas. "To that end, in Cargo we have initiated ongoing training and coaching, added new coaches to support our employees and continue to

develop new programs and initiatives to enhance the customer experience."

Topping the list of initiatives this year, is the development and implementation of a training program for Toronto's Cargo employees in preparation for the opening of the new Air Canada Cargo facility this fall. Virtual Integrator Suite (VIS) is another initiative underway in the Customer Service shop with the second quarter of 2002 as the target date to introduce the new updated cargo system.

Safety, of course is a priority at Air Canada Cargo. Safety training programs are ongoing and this year an internal Cargo Safety Board was established to ensure that Air Canada's mandate, "Safety without Compromise" is upheld.

This spring, Air Canada Cargo's customers and employees in Toronto will face yet

another challenge created by the mega-construction site at Pearson International Airport. Beginning in April, all buildings in the vicinity of Air Canada Cargo will be demolished and Cargo will become an island surrounded by construction.

Currently processes and procedures are being developed to ensure that a seamless service is in place for both the pick-up and delivery of freight. Air Canada Cargo will remain at its current facility until the move to its new facility this fall.

"There are many changes taking place in the industry this year that will challenge Air Canada Cargo and its customers, said Jean-Luc. "Our customer commitment through excellence in customer service will strengthen the partnerships already developed and encourage new business as we ride the tides of change." 🚚

M.A.C.C. Update

THE countdown is on until Air Canada Cargo moves into their new automated terminal located in the Infield at the western end of Toronto's Pearson International Airport.

The M.A.C.C. (Millennium Air Canada Cargo) Project Team now in its second year, is working hard to prepare and completely outfit the new terminal for a fall start-up date.

In March, Air Canada Cargo will receive



the paperwork for occupancy status once all life, safety and fire codes have been officially met. This is when office fit-up will begin in tandem with the ongoing installation of the new automated equipment. Testing and fine tuning will continue right through to moving day, as will the training of employees, which is scheduled to begin this fall.

The new terminal features are designed to improve and enhance customer service. The facilities increased capacity will meet the growing demand of the Toronto hub while the automated ICS (Inventory Control System) will ensure efficient storage, retrieval and tracking of freight.

"I look forward to overseeing the transition as we move into the new Air Canada Cargo Terminal in Toronto this fall," said Will Hercus, Manager Customer Service, Cargo Operations.

"The new technology will enhance our customer service and the spacious, modern building will provide our



employees with an efficient and improved work environment. The management team is in place and we are planning for a seamless changeover with continuity of leadership."

This summer Air Canada Cargo-Toronto will introduce a new telephone exchange beginning with 694. The new numbers will be in place well before the move so that customers have a chance to get used to them, and telephone/fax communication will not be disrupted in the fall when the move takes place. 🇨🇦

Alliances and Interline Strategy

ALLIANCES and Interline agreements are key in developing closer relations between carriers and provide an opportunity to the customer, for through service, to any part of the world.

Air Canada is proud to be the founding member of the Star Alliance Group of successful partner carriers, offering customers, high quality service, at competitive reasonable rates.

Through the Alliance & Interline cooperation, Air Canada has expanded their network providing customers with connections to 200 additional cities around the world.

For more information on Air Canada Cargo's interline network and through rates, contact your local Sales Representative. 🇨🇦



FAST CARGO



In December, Air Canada Cargo carried some very fast cargo on flight 873 from Frankfurt to Toronto. The car, a Ferrari Spider, was valued at approximately 1 million DEM.

2001 Calendar of Events



MARCH

The International Boston Seafood Show:
Boston, Massachusetts, March 27-29

For three important days in March, Boston becomes the center of the seafood world, as buyers and sellers of seafood products are brought together for the internationally acclaimed Boston

Seafood Show. More than 4,000 exhibitors will be attending this year's show to be held at the Hynes Convention Center from March 27-29, 2001.

The Boston Seafood Show is one of Air Canada Cargo's key trade events.

Cargo Network Services Conference: Miami, Florida, April 29-May 1

Air Canada Cargo is a proud sponsor of the 11th annual CNS Partnership Conference, to be held April 29-May 1, 2001 in Miami, Florida at the Doral Gulf and Conference Center.

This year the conference theme is "Who Gets The Business?" and the focus will be on understanding the customer's view of the industry.

The conference promises to be fast-paced, with ample time for meeting people and establishing new contacts. Discussions will center on:

- ▼ What customers want
- ▼ How satisfied they are with services being received
- ▼ How they see the industry in context with the major changes taking place in the business environment.

APRIL



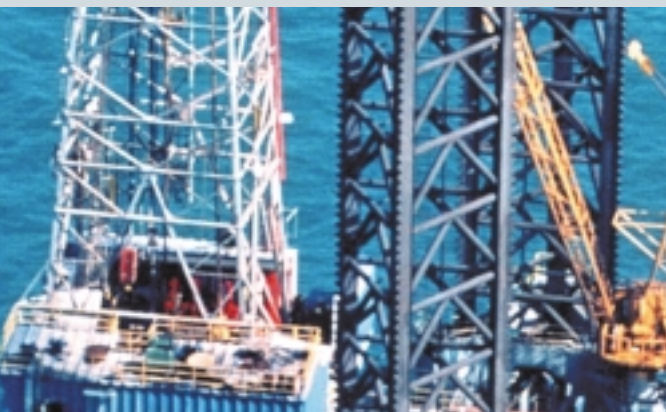
Transport Logistic Trade Fair:
Munich, Germany May 15-May 19

The Transport Logistic Trade Fair, with its time-tested integrated concept will present the entire world of transport in four categories: logistics and telematics, in-house transport and materials flow, freight and passenger transport. The fair will demonstrate to the highly qualified trade public how closely these fields interact with one another and will feature

road and rail vehicles, systems for combined transport, systems and equipment for airfreight, inland navigation and maritime shipping, maintenance and repairs and most important service providers.

Air Canada Cargo, represented by our Frankfurt Sales and Service team, will be a participant at Transport Logistic along with other STAR Alliance partners to be held in Munich Germany, May 15-19, 2001.

MAY



JUNE

Offshore Newfoundland Petroleum Show
June 21-June 22

Air Canada Cargo is a proud participant in the Offshore Newfoundland Petroleum Show, which will be held this year at the Mile One Stadium from June 21-22, in St. John's, Newfoundland.

The offshore industry continues to grow in Newfoundland with the development of such projects as Hibernia, Terra Nova and White Rose and will continue to play an increasing role in the development of Air Canada Cargo's import and export markets.

Regional Airlines Consolidate

WHILE Air Canada and Canadian Airlines have been undergoing the monumental task of integration, the regional carriers have been busy bringing together four airlines of their own.

In January 2000, AirBC, Air Ontario, and Air Nova announced plans to consolidate under one operation. Canadian Regional joined this new amalgamated team in September 2000.

Together, the regional airlines serve 104 airports in Canada and the United States and are expected to carry approximately

23,000,000 kilograms of cargo and mail this year.

Our marketing and sales teams are in place under the interim name of Air Canada Regional Inc. In the coming months we will keep you updated as we develop a new 'brand' including our new name. We are pleased to serve you and look forward to many more years of successes with our customers.

Feel free to contact any one of us for your shipping needs. ✉

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THE LEADING EDGE FOR SUPERIOR CUSTOMER SERVICE

2001 is shaping up to be another fast-paced year on the technology front for Air Canada Cargo, with many exciting projects underway designed to improve the overall efficiency of our services.

E-Commerce Cargo

▼ February 1, 2001, on-line Track and Trace was introduced on the Air Canada Cargo Website.

▼ Web-based bookings and rating applications are in the developmental stage.

Cargo 2000

▼ Air Canada Cargo successfully participated in the testing of phase 1 last fall and participated in the testing of phase 2 in February.

VIS (Virtual Integrator Suite)

▼ Developmental work on the Updated Cargo System is in progress and we are on schedule for an introduction of the new

system in the second quarter of 2002.

▼ In conjunction with VIS, a New Management information system will be introduced that will significantly improve our ability to provide quality data to our customers.

Decision Support

▼ Air Canada Cargo continues to work with major Revenue Management System suppliers on developing a model that will be cost effective for Air Canada Cargo. Customer benefits will include faster and firmer responses on booking requests and automatic offerings of routing choices, if the first choice is not available.

Air Waybill Imaging

▼ We are in the process of introducing an Air Waybill imaging system that is accessible via the Internet. The new system will enable our customers and accounting to view the Air Waybill information as per the original tender document.

Tech Update



AIR CANADA  **Cargo**

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For more information, please contact your Air Canada Cargo representative or visit us online at:

<http://www.aircanada.ca/cargo>