

Fall 2001



Cargo *News*



Expanding the South Pacific Network

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Message from our Vice President

THIS fall, Air Canada Cargo is expanding its South Pacific network with the launch of our new Melbourne service beginning November 30, 2001. In addition to the new route, we have added capacity to our daily Vancouver-Honolulu-Sydney route. "This is great news for our cargo customers as demand in this region is rapidly growing," said Claude Morin, Vice President, Air Canada Cargo. "With the introduction of our three-times weekly Melbourne service, Air Canada now operates ten weekly flights between Canada and Australia via Honolulu and is the only carrier providing non-stop service between Hawaii and Melbourne."

In addition to the South Pacific markets, Air Canada Cargo continues to develop its cargo network in Asia. Our newest destination—Shanghai, and our Toronto-Narita non-stop service added last year continue to do well and are a good fit from a cargo perspective to our Asian network. With service to three of the world's best cargo markets, Shanghai, Sydney and Tokyo the sky is the limit for Air Canada Cargo.

As a result of the economic slowdown our

industry is facing many challenges. "We have responded to the current economic climate by fine-tuning our organization to make sure that it is in line with the current market conditions," said Claude. "However, despite the downturn, we believe that the new Air Canada Cargo has unlimited growth potential and have many reasons to remain upbeat."

Over the next six to nine months Air Canada Cargo will go through two major transitions that will position the carrier to take on the world.

First up, is the opening of the new state-of-the-art cargo facility by February 2002, at Toronto's Lester B. Pearson Airport. Projected to handle an annual capacity of 270,000 tonnes of cargo the new cargo handling system will be on par with the best cargo facilities in the world. Start-up will be phased in with some components beginning the transition in September.

Secondly, from a technology perspective we are on track with the migration to our new Internet based VIS system from TOTEM, with implementation scheduled



for the second quarter of 2002.

As you can see, behind the scenes we are working very hard to position Air Canada Cargo as an industry leader once the economy rebounds. From developing new technology to employee training, our mandate is to ensure that our customer experience is top-notch.

On a final note, I would like to congratulate our employees in Western Canada for a job well done. Recently CFFA recognized Air Canada Cargo as "Air Carrier of the Year" for the Western Region. We are proud to receive this award that recognizes the dedication of our employees and our commitment to service excellence.

We wish to take this opportunity to extend our deepest sympathy to our customers in the United States who have been affected by the recent terrorist attacks.

As a result of the recent events in the United States, we will be making further changes to our Winter flight schedules.

In order to avoid delay in the delivery of this quarter's Cargo newsletter, we will be sending you the Winter schedule information under separate cover.

Customer Service Update

ON October 28, Air Canada Cargo will launch the winter schedule. This year, we are expanding our South Pacific network with the launch of our new direct service to Melbourne via Honolulu. To meet the rigorous demands of our new schedule, and to ensure that our customers receive

top-notch service around the globe, Cargo Operations have developed and implemented an aggressive Customer Service Plan.

In keeping with our customer service commitment we are continuing to evaluate our service levels through the implementation of quality analysis studies. More and more, our people will be visible in key stations to measure our level of quality and take proactive corrective actions where necessary to ensure our customers receive the very best service. In addition to working with our employees we will also solicit our customers' feedback, identifying and addressing your concerns to ensure Air Canada Cargo is on track with the Cargo 2000 initiative.

2002 will be an exciting year for Air Canada Cargo. The opening of the new Air Canada Cargo terminal in Toronto and

the move to our new computer system will present new opportunities and challenges for the Cargo Operation team. "Training of course, is paramount to the success of both these initiatives," said Jean-Luc Paiement, General Manager, Customer Service, Cargo Operation, the Americas. "To meet our objectives we have initiated an aggressive employee training schedule to ensure a smooth transition to our new cargo terminal, and a successful migration to our new computer system with minimal customer impact."

As always, safety and security continue to be our top priority at Air Canada Cargo. "As an industry leader in both security and prevention measures, we are pleased to have our customers' support," said Jean-Luc. "By working together we are able to take a leading role in modifying and updating our processes to ensure that we meet the needs of today's business community."



ROUTE UPDATES

Air Canada Cargo expands its South Pacific network

► Melbourne

AIR CANADA CARGO is expanding its South Pacific network beginning November 30, 2001 with a new direct service from Toronto to Melbourne via Honolulu. The new 'same plane' service will operate three days a week using a Boeing 767-300 aircraft. With the introduction of the Melbourne service, Air Canada now offers ten weekly flights between Canada and Australia.

"Air Canada is responding to market growth in the South Pacific by expanding Honolulu as a strategic connecting hub and by increasing capacity to an A340 aircraft on the daily Vancouver-Honolulu-Sydney route beginning October 28," said Rick Burden, Regional Manager Cargo, Hawaii and the South Pacific. "The added capacity is great news for the region, as the Sydney route is showing strong demand in both directions."

The new Melbourne service and the increase in capacity on the Sydney route means that Air Canada Cargo's capacity to and from Australia will more than double. Air Canada is the only carrier in the South Pacific with same day airport to airport service from Australia to Canada and same day connections from Vancouver and Toronto to the USA, South America and Europe.

South Pacific Highlights:

Melbourne

- ▼ 3 weekly direct flights from Toronto via Honolulu
- ▼ 3 weekly flights from Vancouver via Honolulu

AC3127	Toronto	Honolulu	Honolulu	Melbourne
Departure	1800	2250	0015	0830(++)
AC3128	Melbourne	Honolulu	Honolulu	Toronto
Departure	1000	2340	0100	1450
AC1133	Vancouver	Honolulu	Honolulu	Melbourne
Departure	1900	2300	0015	0830(++)
AC1134	Melbourne	Honolulu	Honolulu	Vancouver
Departure	1000	2340	0035	0805

Sydney

- ▼ Daily direct flights from Vancouver via Honolulu
- ▼ Increased capacity (upgauged to A343 for winter schedule)

AC1133	Vancouver	Honolulu	Honolulu	Sydney
Departure	1900	2300	0025	0800
AC1134	Sydney	Honolulu	Honolulu	Vancouver
Departure	0915	2305	0035	0805

Sun Destinations: More Flights – More Capacity

ON October 28, Air Canada Cargo will begin operation of its winter schedule — the most comprehensive sun destination schedule with 244 flights per week on 53 routes to destinations in Mexico, the Caribbean, Florida, Hawaii and Las Vegas. This winter it's all about more flights, new destinations and increased cargo capacity. Here are the highlights:

Florida

Toronto-Orlando

This winter we are doubling our cargo capacity out of the central Florida market by increasing the aircraft gauge to a B767 Monday to Friday and an A330 on the weekends. Available capacity will be maximized through other intra Florida cities as well as Georgia.

San Juan traffic (primarily pharmaceutical products) will move by interline into Orlando to take advantage of the additional capacity.

	DESTINATION	SKED	AIRCRAFT	FREQUENCY
AC912	Toronto – Orlando	28 Oct 01 – 6 Apr 02	A330	Days 6,7
AC913	Orlando – Toronto			

Fort Lauderdale, Miami and Tampa

Additional B767 wide-body service will be added this winter to the Fort Lauderdale, Miami and Tampa markets. The capacity increase will help the Fort Lauderdale and Miami stations to maximise traffic originating out of the Caribbean, Latin and Central America.

Arizona

Phoenix

Beginning October 28, Air Canada Cargo will introduce a new daily service from Vancouver and Calgary to Phoenix, Arizona. The new routes will be operated using a B737 aircraft and will be a welcome addition to Air Canada Cargo's services in the southwest providing support to the hi-tech, tourism, convention and sports industries.

	DESTINATION	SKED	AIRCRAFT	FREQUENCY
AC3503	Vancouver – Phoenix	28 Oct 01 – 06 Apr 02	B737	Daily
AC3504	Phoenix – Vancouver			
AC3508	Calgary – Phoenix	28 Oct 01 – 06 Apr 02	B737	Daily
AC3509	Phoenix – Calgary			

Caribbean

Montego Bay

This winter the Montego Bay-Toronto service will see an increase in cargo capacity with the introduction of the A330 aircraft on this route. With five flights a week to/from Montego Bay and an average weekly capacity of 80 tonnes in both directions there will be no limitations on space for customers. Exports from Montego Bay include fruits and vegetables, such as papayas, ackee, mangos and yams.

	DESTINATION	SKED	AIRCRAFT	FREQUENCY
AC982	Toronto – Montego Bay	28 Oct 01 – 06 Apr 02	A330	Days 1,4,5,6,7
AC983	Montego Bay – Toronto			

St. Lucia

The St. Lucia market will see two flights a week operated by a widebody B767 aircraft providing our customers with approximately 12 tonnes of capacity per week. Products from St. Lucia include fruits and vegetables, such as soursop, mangos, golden apples, breadfruit and peppers.

	DESTINATION	SKED	AIRCRAFT	FREQUENCY
AC968	Toronto – St. Lucia	03 Nov 01 – 15 Dec 01	A320	Day 6
AC969	St. Lucia – Toronto			
AC968	Toronto – St. Lucia	16 Dec 01 – 06 Apr 02	B767	Days 6,7
AC969	St. Lucia – Toronto			

Kingston, Jamaica

Service to Kingston, Jamaica will remain the same this year, operating five days a week with a B767 aircraft. Total capacity on this route is 30 tonnes per week in both directions. This year we will be able to move any excess cargo via Montego Bay utilizing our interline partner, Air Jamaica. Total capacity between Kingston and Montego Bay is 110 tonnes a week. Exports from Kingston include fruits and vegetables such as, mangos, peppers, escallion, thyme, yams, potatoes, ackee and avocado as well as coffee, hair care products, printed matter and spiced bread.

	DESTINATION	SKED	AIRCRAFT	FREQUENCY
AC984	Toronto – Kingston Jamaica	29 Oct 01 – 05 Apr 02	B767	Days 1,2,3,4,5
AC985	Kingston Jamaica – Toronto			

Barbados

Beginning October 28, daily flights between Toronto and Barbados will be operated with a B767 aircraft. The increase in capacity is good news for customers in the region who are looking to expand their business. Barbados is a transit point for many of our customers in the smaller Caribbean islands. Exporters in St. Lucia and Grenada use our interline partners to move freight to Barbados while perishables from St. Vincent are moved by boat to connect with the Toronto flight. Exports from Barbados include fruits, vegetables, electronic components for assembly in the USA, manufactured tools and crackers.

	DESTINATION	SKED	AIRCRAFT	FREQUENCY
AC966	Toronto – Barbados	28 Oct 01 – 06 Apr 02	B767	Daily
AC967	Barbados – Toronto			

Mexico

Mexico City

Toronto-Mexico City will see an increase in cargo capacity beginning October 29, with the change in aircraft gauge to a B767 from an A319 aircraft, allowing access to palletized freight on this lane.

	DESTINATION	SKED	AIRCRAFT	FREQUENCY
AC992	Toronto – Mexico City	29 Oct 01 – 5 Apr 02	B767	Days 1,2,3,4,5
AC993	Mexico City – Toronto			

Cancun

Beginning October 28, Air Canada Cargo will introduce a new A320 service between Toronto and Cancun. This route will be operated three days a week until December 14, when capacity will be increased to daily service from Toronto and one weekly flight from Montreal. We are looking forward to moving fresh seafood, Mexican handicrafts and perishable commodities from Mexico and importing commodities in support of the tourism industry in Mexico.

	DESTINATION	SKED	AIRCRAFT	FREQUENCY
AC976	Toronto – Cancun	28 Oct 01 – Dec 13 02	A320	Days 5,6,7
AC977	Cancun – Toronto			
AC976	Toronto – Cancun	14 Dec 02 – 06 Apr 02	A320	Daily
AC977	Cancun – Toronto			
AC1002	Montreal – Cancun	15 Dec 01 – 06 Apr 02	A320	Day 6
AC1003	Cancun – Montreal			

Puerto Vallarta

Service to Puerto Vallarta will begin on November 3, with one weekly B767 flight. Capacity on this route will increase beginning December 17, with three additional frequencies using the A320 aircraft. As with the Cancun market we anticipate moving seafood, produce and handicrafts and with Puerto Vallarta's close proximity to Guadalajara we anticipate exporting hi-tech commodities to Canada and beyond.

	DESTINATION	SKED	AIRCRAFT	FREQUENCY
AC978	Toronto – Puerto Vallarta	03 Nov 01 – 06 Apr 02	B767	Day 6
AC979	Puerto Vallarta – Toronto			
AC978	Toronto – Puerto Vallarta	17 Dec 01 – 05 Apr 02	A320	Days 1,4,5
AC979	Puerto Vallarta – Toronto			

Latin America

Winter is peak cargo season for the Latin America market. To meet this demand, Air Canada Cargo will operate six days a week from Argentina, through Brazil to Toronto. Products carried at this time of year include, auto parts, pharmaceuticals and a variety of food products. In addition, we will also carry fruits and vegetables destined for Central and Western Canada.

M.A.C.C. Project Update: Truck Interface and Mail Operation Set to Move this Fall



AIR CANADA CARGO in Toronto is gearing up for the move into our new Cargo Terminal scheduled for February 1, 2002. As we get closer to the move-in date there are many activities taking

place behind the scenes to ensure a smooth transition. Employee training has begun and we are beginning to phase in some of the components of our operation. "One of our primary goals at the M.A.C.C. Project is that Cargo's move in Toronto be seamless from a customer perspective," said Helen Donaldson, M.A.C.C. Project Director. "We want to ensure all customer service standards are met for all of our products."

From September 24 to November 15, Cargo employees in Toronto will receive orientation training to prepare them for the move to the new terminal. They will learn about the building design, the integrated areas of

automated equipment, and the new procedures for processing Export, Import, and in-transit freight. While some processes will remain relatively unchanged, others, such as the physical handling of freight, will be entirely new.

Because customer service is a top priority, The M.A.C.C. Project Team has been looking at ways to capitalize on some of the advantages offered by the new facility as soon as possible. As a result, later this fall the Mail operation will move into the eastern end of the terminal, with the Truck Interface operation moving into the western end of the building. The transition of these two cargo functions will be the next logical step as they are somewhat independent of other areas of Cargo. A staged transition to the new facility will enable Cargo to offer optimum service to customers during the peak holiday season and lessen the magnitude of the move.

Station Profile: YVR



Vancouver team, left to right: Shannon McGibbon, Cargo Area Sales Manager; Jim Baudru, Manager, Customer Service - Cargo; Reid Cavers, Manager, Customer Service - Western Canada

VANCOUVER has the distinct advantage of being the closest major North American city to Asia. Its strategic Pacific Rim location has given Vancouver the catalyst to develop as a premier cargo gateway providing faster transit times to key world markets between North America, Asia and the South Pacific.

"Capitalizing on this distinct advantage, Air Canada Cargo in Vancouver has built a solid reputation in the transportation of Canada's exports to the world," said Shannon McGibbon, Manager, Cargo Sales, British Columbia. "On any given day our warehouse is packed full of perishable commodities, from B.C. cherries destined to Taipei and London to blueberries and raspberries destined for the tables of diners in Manhattan. Our markets cover the globe."

On the opposite side of the world, exotic

tastes call for exotic products. Japanese palates eagerly await the arrival of the season's first shipment of "Uni", better known as sea urchin. This delicacy from Canada's cool clean waters is highly prized for its quality amongst "Uni" connoisseurs.

The change of seasons brings with it a change of commodities. This fall, pine mushrooms from Northern B.C., baskets of fiddlehead greens and wild salmon are fresh additions to our year-round dry goods shipments. European destinations are not exempted from this controlled mayhem

where chantrelle mushrooms are the fungi of choice in eateries throughout Europe and flower arrangements take on added beauty through the addition of selal (decorative ferns) found exclusively on Vancouver Island.

This winter, Air Canada Cargo is strengthening its extensive schedule to Asia and the South Pacific with the launch of a new direct service from Vancouver to Melbourne via Honolulu and by more than doubling its capacity on the Vancouver - Honolulu route beginning October 28.

ROUTING	AIRCRAFT	FREQUENCY
ASIA		
Vancouver - Beijing	B767	Daily
Vancouver - Hong Kong	A340	2 X Daily
Vancouver - Nagoya	B767	Days 2,4,5,6
Vancouver - Narita	B767	Daily
	A340	Daily
Vancouver - Osaka	A340	Daily
Vancouver - Seoul	B767	Daily
Vancouver - Shanghai	B767	Days 2,3,4,5,6
Vancouver - Taipei	A340	Daily
SOUTH PACIFIC		
Vancouver - Honolulu	A340	Daily
Vancouver - Honolulu - Sydney	A340	Daily
Vancouver - Honolulu - Melbourne	B767	Days 1,3,5
EUROPE		
Vancouver - London	B767	Daily

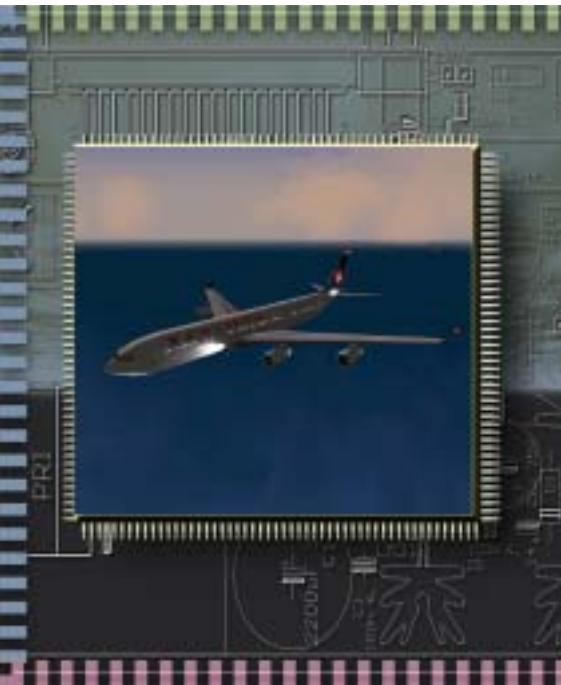


Illustration: Nicholas Robinson

E-Commerce Cargo

- ▼ Work has begun on a facility that will enable Internet based Pick-Up and Delivery for domestic shipments.
- ▼ Track and Trace continues to be a very popular feature with our customers.

Cargo 2000

- ▼ Air Canada Cargo will participate in the next phase of testing this fall.

VIS (Virtual Integrator Suite)

- ▼ Air Canada Cargo is currently working on the deployment of the IP Network around the world to support our new VIS environment. Employee training courses and schedules are being developed and a team of testers have been put in place to ensure that the application will function as designed.
- ▼ Internally, Cargo has launched a "name the system" contest that is open to all Air Canada employees. Stay tuned for the announcement of our new system's name.

Decision Support

- ▼ Evaluation of our various suppliers is continuing and we are in the process of developing a business case.

Air Waybill Imaging

- ▼ Air Canada Cargo now has the capability to image air waybills from most Canadian cities.
- ▼ NEW - UK originating and destined air waybills have been added to the process.
- ▼ Currently developing a facility that will provide customers with direct retrieval access allowing the AWB as tendered and signed-off at receipt to be viewed by all parties.

E-mail

- ▼ Air Canada is integrating three separate e-mail systems by the end of October.
- ▼ The new system – iPlanet will greatly improve formatting, readability and delivery of e-mails.
- ▼ Current Air Canada e-mail addresses will change to the Internet protocol, i.e. john.smith@aircanada.ca.

Air Canada helps transport library books to Africa



Ribbon-cutting ceremony

IN April, Air Canada Cargo provided assistance with the transportation of library books for the people of Ghana Africa. In total over 1,000 kilos of books were shipped from Winnipeg to Paris enroute to Ghana.

Kathy Knowles, a Canadian originally from Winnipeg and living in Ghana, initiated the project together with the

OSU Children's Library Fund. Over the years, Kathy has assisted 90 schools and community libraries across the country in support of literacy.

The books were distributed to several schools and libraries with the majority of them going to the new Mamprobi Gale Community Library, a suburb of Accra for their official opening on June 20, 2001.

"Air Canada Cargo's support was invaluable in helping get the books to Accra for the children of Africa," said Kathy Knowles. "We are most appreciative of their generosity."



Happy faces of children of Accra community



AIR CANADA  **Cargo**

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

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

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