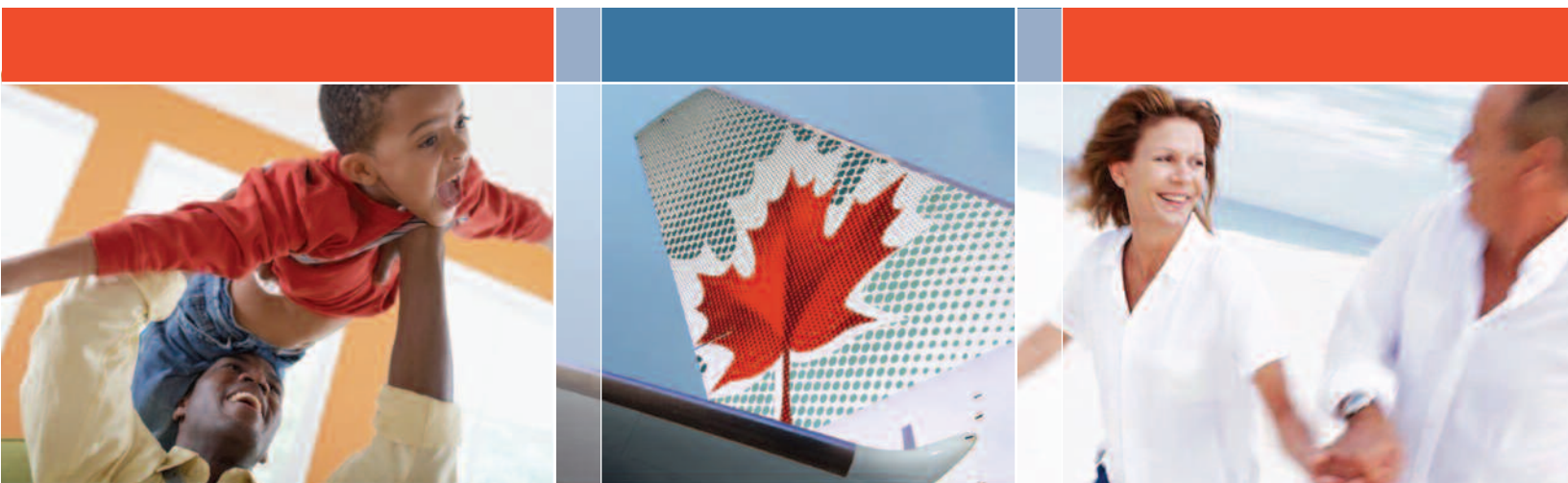




Review Your Investments



New investment options offered in the Air Canada
Group Retirement Savings Program

Overview

In 2011, Air Canada reviewed the investment options offered in the Retirement Program with the assistance of internal and external experts. Following this review Air Canada decided to make changes to the investments effective March 5th and April 5th, 2012.

On March 5th, 2012, Air Canada is introducing a new, easier to manage, investment solution, the Target Date Portfolios, to replace the Air Canada Balanced Funds.

Four new funds will also be added on March 5th:

- MLI BlackRock Long Bond Index Fund
- MLI GEAM Canadian Equity Fund
- MLI Sprucegrove Global Equity
- MLI JPMorgan Emerging Markets

On April 5th the following funds will be removed:

- Air Canada Conservative Balanced Fund
- Air Canada Moderate Balanced Fund
- Air Canada Dynamic Balanced Fund
- MLI Jarislowsky Fraser Canadian Equity Fund

What you will find in the following pages

- A review of the new investment options
- What will happen to amounts in the funds being removed on April 5th
- Change in the default fund
- What you need to do

Important! Please read this bulletin carefully. Remember, it's your money and your future!

Dates and time to remember

Starting March 5 th	<ul style="list-style-type: none">• If you are investing in the funds scheduled to be removed, you must provide new investment instructions for your current assets and for allocating your future contributions.
4pm (ET), March 30 th	<ul style="list-style-type: none">• Deadline for providing your investment instructions.• A transaction 'brown out'* will be put in place to facilitate the fund rationalization
April 5 th	<ul style="list-style-type: none">• If you do not provide investment instructions by 4pm (ET), March 30th and currently hold assets in the funds scheduled to be removed, the mapping process shown on page 6 will apply on April 5th• The transaction 'brown out' will cease once the mapping process is complete – you will be able to perform transactions on your account when the services are re-activated.

***A 'brown out' period means that no fund transfer or fund direction changes can be completed during this period. You still have view access to your account online.**

Review the new investment options

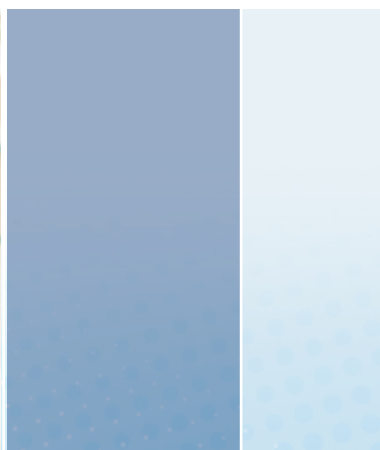
Air Canada is committed to helping you save for your future through the Retirement Program. To assist employees who require more assistance with investment decisions, Air Canada is introducing the Air Canada Target Date Portfolios, an investment option that will automatically, without any action required from you, help to reduce exposure to market volatility as you approach the date you expect to retire.

Recognizing that some employees may want to manage their own portfolios, the retirement program allows you to build your own portfolio with greater depth with more asset classes to choose from.

You will find more information about the new investment options in this guide or by visiting www.manulife.ca/AirCanada under the 'Check out the funds' section.

Air Canada and Manulife Financial encourage you to take an active role in managing your retirement and making informed decisions about your investment options. Take the time to review your account(s) regularly and ensure that you are on track to meet your retirement savings goals.

Before you choose your investment option, we recommend that you complete the Investor Strategy Worksheet to help determine your investor profile. This worksheet is available through the online at www.manulife.ca/AirCanada in the 'Check out the funds' section.



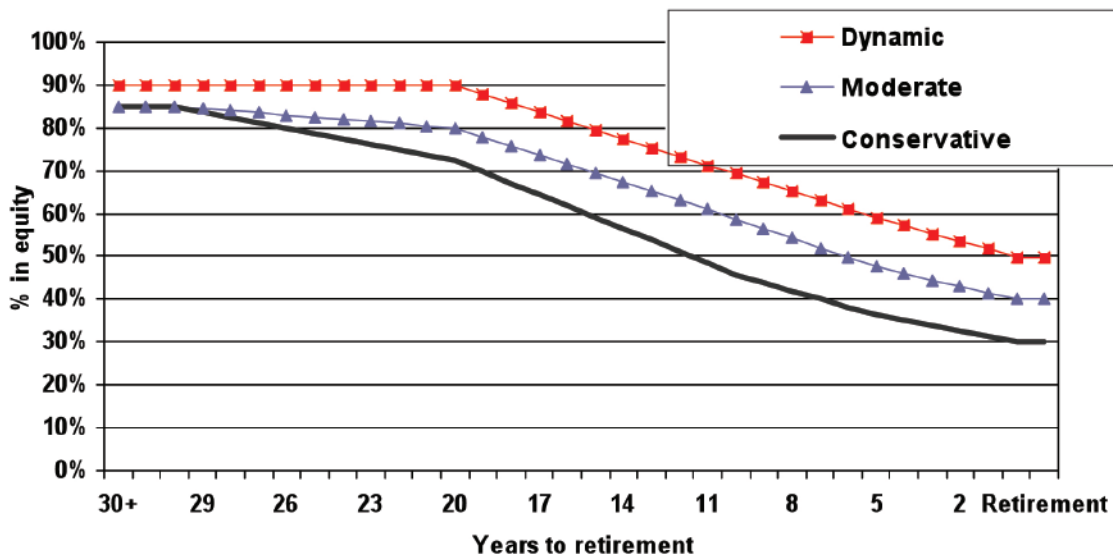
Investment Option A: Target Date Portfolio

To help make investment selection simpler for you, Air Canada now offers balanced Target Date Portfolios.

Portfolios are offered with three (3) levels of risk, one for each investor style: conservative, moderate or dynamic. Each portfolio is designed based on an expected date of retirement. The portfolios invest in a diverse range of funds, and are designed to help capitalize on growth potential while maintaining an acceptable level of volatility.

Simply determine your investor style and the year you plan to retire, and the portfolio's composition will be managed for you. As you get closer to your planned retirement date, the asset mix inside your portfolio is rebalanced automatically to become more conservative.

You can find information about the composition of the portfolios at www.manulife.ca/AirCanada in the 'Check out the funds' section.



The portfolio code starts with the letter P, followed by your retirement year, then a letter that corresponds to your investor style (Conservative = V, Moderate = X, Dynamic = Z).

For example, if you plan to retire in 2032 and are a conservative investor, your portfolio code is P2032V.

Other investment available to you if you choose a target date portfolio

In addition to your portfolio, you may wish to invest a portion of your savings in the:

- MLI 5 Year Guaranteed Interest Account – code 1005

You can not select any other investment fund if you select a target date portfolio. Only one target date portfolio can be selected at any time.

Investment Option B: Build Your Own Portfolio

If you prefer to build your own portfolio, you can do so by choosing from the investments below. It is important to determine your investor style first, using the Investor Strategy Worksheet and ensure you select investments that suit your style.

To learn more about a fund – for a description, commentary and review – or to find sample asset allocations that fit different investor styles, visit www.manulife.ca/AirCanada in the 'Check out the funds' section.

Fund code	Fund name	DC Plan IMF*	RRSP IMF*
Asset Class: Money Market and Guaranteed Interest Accounts			
1005	Manulife 5-year Guaranteed Interest Account	n/a	n/a
3132	Manulife Canadian Money Market Fund (MAM)	0.050%	0.765%
Asset Class: Bond/Fixed Income			
4191	Manulife Asset Management Canadian Bond Index Fund	0.050%	0.765%
4322	Manulife BlackRock Long Bond Index Fund	0.190%	0.915%
Asset Class: Canadian Equity			
7381	Manulife FGP Small Cap Canadian Equity Fund	0.390%	1.115%
7761	Manulife GE Asset Management Canadian Equity Fund	0.565%	1.290%
Asset Class: U.S. Equity			
8131	Manulife Asset Management U.S. Equity Index Fund	0.050%	0.765%
Asset Class: International Equity			
8361	Manulife Sprucegrove International Equity Fund	0.700%	1.415%
Asset Class: Global Equity			
8362	Manulife Sprucegrove Global Equity Fund	0.740%	1.465%
Asset Class: Global Equity			
8432	Manulife JP Morgan Emerging Markets Fund	1.090%	1.815%

*Investment Management Fees (IMF) are collected by Manulife Financial to cover the cost of investment management and fund operating expenses. IMFs for the RRSP also include a charge for administrative costs and the fee is deducted from the fund before unit values are calculated. The administrative costs are paid by Air Canada for the DC plan.

Past performance of these funds is not a guarantee of future returns. Participation in the defined contribution plan and the RRSP does not guarantee any specific level of income.

Funds to be removed on April 5th, 2012

The three (3) Air Canada Balanced funds and the MLI Jarislowsky Fraser Canadian Equity Fund will be removed from the investment platform on April 5th, 2012.

Starting at 4pm (ET) on Friday March 30th, a transaction 'brown out' will be put in place to facilitate the removal of these funds and the mapping of the investments to the new investment options. A 'brown out' period means that no fund transfer or fund direction changes can be completed during this period. You still have access to view your account online.

As of March 5th 2012, the new funds will be available to the Air Canada platform and the members will be allowed to provide investment instructions until 4pm (ET) on March 30th, 2012.

If you have not provided new investment instructions, by 4pm (ET) on March 30th, 2012, the following 'mapping' will be applied to your investment instructions and your investment portfolio will be rebalanced according to your investment instructions:

Removed funds		Corresponding Mapping
7241 – MLI Jarislowski Fraser Canadian Equity Fund	→	7761 – MLI GE Asset Management Canadian Equity Fund
2031 – Conservative Balanced Fund	→	Air Canada Moderate Target Date Portfolio (selected based on your normal retirement at age 65)
2032 – Moderate Balanced Fund	→	
2033 – Dynamic Balanced Fund	→	

If you invest in a combination of funds that include one or more Air Canada Balanced Fund, or one or more Air Canada Balanced Fund with other funds as listed on page 5, your investment instructions will be mapped to the Air Canada Moderate Target Date Portfolio based on your retirement at age 65.

Note: Any assets or investment instructions you have in the Manulife 5 year guaranteed Interest Account will not be affected by the mapping of your investment instruction or the rebalancing of your account.

If you do not hold **any** assets in the funds scheduled to be removed and the funds scheduled to be removed **are not part** of your investment instructions, your account will not be affected by the mapping described above.

The Pension Plan default investment fund is changing

If you have not provided investment direction for your Defined contribution pension plan savings, your contributions are automatically invested in the plan's default fund.

Beginning March 5, 2012, the default fund for this program will change from the Air Canada Moderate Balanced Fund (fund code 2032) to the Air Canada Moderate Target Date Portfolio closest to the year you turn 65.

The RRSP default fund – the MLI Canadian Money Market Fund (fund code 3132) – remains unchanged.

What you need to do

To avoid the mapping process, you may make investment changes to your account between March 5th and 4pm (ET) on March 30th.

1. Review and choose from the new investment options offered.
2. To change how your contributions are invested or to transfer your assets out of the removed funds go to **www.manulife.ca/AirCanada**.
 - a. Select 'Access your account' and enter your Customer Number (found on your member statement) and Personal Identification Number (PIN). If you do not have a PIN, contact Manulife Customer Service to assist you.
 - b. Click on your policy number and select 'Change my investments' in the left navigation menu. Transfer your current savings or change instructions for future contributions.

If you participate in more than one plan, for example the RPP and the RRSP, you need to complete these changes under both accounts.

If you complete your investment changes to all your accounts by 4pm (ET) on March 30th, the fund mapping process described previously will not touch your accounts. However, the transaction 'brown out' period still applies until the mapping process is completed for the Air Canada plans.

Steps

RETIREMENT PROGRAM®

Take a smart step towards achieving your retirement goals

The Steps Retirement Program® (Steps) is an online, interactive planning that helps you determine your retirement income goal and create a plan to achieve it. Using Steps, you can set a goal based on the kind of lifestyle you would like to have in retirement. Steps estimates how much money you'll need to contribute to reach that goal and outlines a path to get you there.

Using real data taken from Manulife's recordkeeping system, Steps also provides you with regular, personalized updates of your annual retirement income. Updates appear on page 1 of your account statements, and are available whenever you log into your account at **www.manulife.ca/AirCanada**.

Services for you under the Air Canada Group Retirement Program

- **Secure website and telephone account access** – Manage your account and investments using the service option you prefer. Access your account via the secure member website and/or the Customer Service Centre.

📄 Be sure to visit www.manulife.ca/AirCanada for information on the plans, the investments available, retirement planning and the services available through the Air Canada Retirement Program.

Click 'Access your account' from the left menu, then enter your customer number and PIN to obtain the following account information:

- Your account balance(s) – updated daily
- Summary of contributions
- Current unit values
- Your personal rates of return
- Details about the funds available to you and their IMFs

Questions?

Contact Manulife

☎ Call **1-888-727-7766** toll-free

- For account inquiries, Customer Service Representatives are available Monday to Friday, 8 a.m. to 8 p.m. ET. The Interactive Voice Response (IVR) system is available to take your questions 24 hours a day. You will need your customer number and PIN to access the IVR.
- For assistance with investments and retirement planning, Financial Education Specialists are available Monday to Friday, 9 a.m. to 5 p.m. ET.

@ Via e-mail at aircanada@manulife.ca. You can expect a response within 48 hours.



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