

Research Note From AirTrav Inc.



ROUTES STUDIED

	Pricing Source		Return Air				
	Airline	Code		Distance (Km's)			
Comparison 1	Toronto, ON	YYZ	Washington Reagan	DCA	Air Canada	AC	1,156
	Buffalo, NY	BUF	Washington Reagan	DCA	US Airways	US	952
					USA airport vs. CDN airport (km) >		(205)
Comparison 2	Montreal, QC	YUL	Fort Lauderdale, FL	FLL	Air Canada	AC	4,454
	Plattsburgh, NY	PBG	Fort Lauderdale, FL	FLL	Allegiant Air	G4	4,294
					USA airport vs. CDN airport (km) >		(160)
Comparison 3	Vancouver, BC	YVR	Phoenix, AZ	PHX	WestJet	WS	3,959
	Bellingham, WA	BLI	Phoenix, AZ	PHX	Allegiant Air	G4	3,834
					USA airport vs. CDN airport (km) >		(126)

AVERAGE of USA airport vs. CDN airport air distance (roundtrip km) > **(164)**

SEARCH ELEMENTS

Date of pricing query: Fri 24-Sep-2010
 Outbound booking query: Wed 10-Nov-2010
 Inbound booking query: Sun 21-Nov-2010

Search query basis:

Sales channel: Airline websites (their own Internet booking engine)

Routing: Nonstop

Segment: YYZ-DCA business dominant; YUL-FLL leisure dominant; YVR-PHX leisure dominant

Class of service: Economy (Coach)

Pricing: Lowest available fare - non-refundable and unbundled (no extra services added)

Carrier mix: Major vs. major (to DCA); Major vs. Low Cost (to FLL); Low Cost vs. Low Cost (to PHX)

Number of passengers: One (1)

Frequent Flyer tier: Normal (i.e., Aeroplan entry level, not Elite or Super Elite as this affects baggage allowances)

Baggage Allowance: US charges for ALL checked bags; AC and G4 allow one free checked bag; WS allows 2 free checked bags

Km routing basis: Great circle routing (actual flight plan flown may vary somewhat)

USD in CAD funds: \$0.9650

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DETAILED PRICING

Comparison #	Roundtrip Route	Airline	Base Fare (CAD)	Fees (CAD)	Taxes (CAD)	TOTAL (CAD)	Cost per Km (CAD)	Total Fees & Taxes (CAD)	% of Base
1	YYZ - DCA - YYZ	AC	\$430.00	\$71.73	\$59.37	\$561.10	\$0.49	\$131.10	30.5%
	BUF - DCA - BUF	US	\$206.04	\$14.51	\$7.67	\$228.21	\$0.24	\$22.18	10.8%
	BUF versus YYZ		(\$223.96)	(\$57.22)	(\$51.70)	(\$332.89)	(\$0.25)	(\$108.92)	
	% difference		-52.1%	-79.8%	-87.1%	-59.3%	-50.6%	-83.1%	
	BUF - DCA - BUF	US	\$206.04	\$14.51	\$7.67	\$228.21	(\$1.42)	\$22.18	10.8%
2	YUL - FLL - YYZ	AC	\$389.00	\$71.73	\$57.29	\$518.02	\$0.12	\$129.02	33.2%
	PBG - FLL - PBG	G4	\$279.77	\$30.04	\$7.67	\$317.48	\$0.07	\$37.71	13.5%
	PBG versus YUL		(\$109.23)	(\$41.69)	(\$49.62)	(\$200.54)	(\$0.04)	(\$91.31)	
	% difference		-28.1%	-58.1%	-86.6%	-38.7%	-36.4%	-70.8%	
3	YVR - PHX - YVR	WS	\$528.00	\$61.73	\$62.82	\$652.55	\$0.16	\$124.55	23.6%
	BLI - PHX - BLI	G4	\$279.77	\$25.38	\$7.67	\$312.82	\$0.08	\$33.05	11.8%
	BLI versus YVR		(\$248.23)	(\$36.35)	(\$55.15)	(\$339.73)	(\$0.08)	(\$91.50)	
	% difference		-47.0%	-58.9%	-87.8%	-52.1%	-50.5%	-73.5%	
Average of above 1-3 (straight average)	CDN - USA - CDN	AC+WS	\$449.00	\$68.40	\$59.83	\$577.22	\$0.18	\$128.22	28.6%
	USA - USA - USA	US+G4	\$255.19	\$23.31	\$7.67	\$286.17	\$0.09	\$30.98	12.1%
	USA versus CDN		(\$193.81)	(\$45.09)	(\$52.16)	(\$291.05)	(\$0.09)	(\$97.25)	
	% difference		-43.2%	-65.9%	-87.2%	-50.4%	-47.7%	-75.8%	

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FEE & TAX COMPARISON

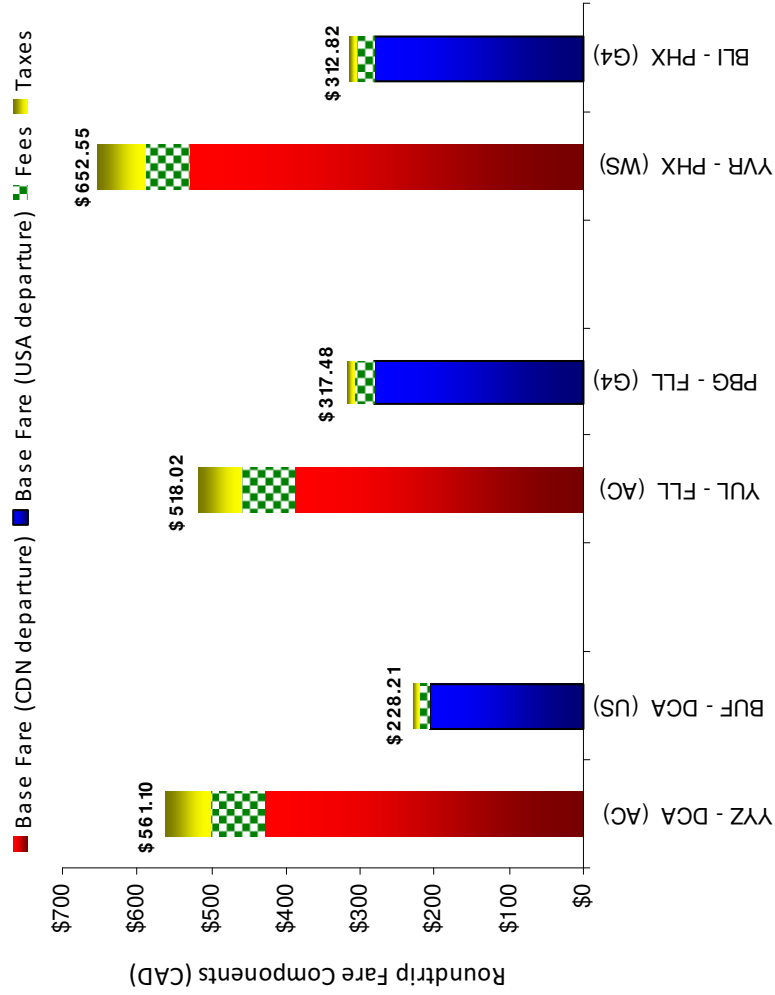
Roundtrip Route	Airline	Fees and Taxes			TOTAL (CAD)	Fees & Taxes (CAD)		
		Base Fare (CAD)	Canadian (CAD)	American (CAD)		Total % of Base	% of Total Taxes & Fees	
YYZ - DCA - YYZ	AC	\$430.00	\$78.21	\$52.89	\$561.10	\$131.10	30.5% 100%	
Canadian Fees & Taxes (CAD)								
		CANADA					% of Base	% of Total Taxes & Fees
					\$78.21		18.2%	60%
American Fees & Taxes (CAD)*								
		U.S.A					% of Base	% of Total Taxes & Fees
					\$52.89		12.3%	40%

* Note: Of the \$52.89 in US fees and taxes, \$12.40 (23.4%) from a US Agriculture Fee and US Immigration fees are levied due to the

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Select Comparison of Canada and USA Flight Prices



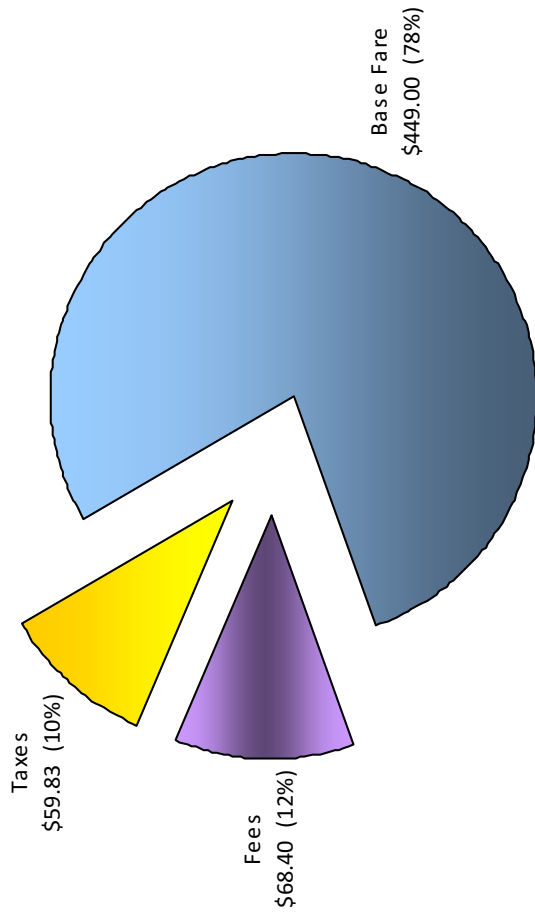
LEGEND

- AC Air Canada
- G4 Allegiant Air
- US US Airways
- WS WestJet Airlines
- BLI Bellingham International (WA)
- DCA Ronald Reagan Washington National (VA)
- FLL Fort Lauderdale-Hollywood International (FL)
- PBG Plattsburgh International (NY)
- PHX Phoenix Sky Harbor International (AZ)
- YUL Montréal-Pierre Elliott Trudeau International
- YVR Vancouver International
- YYZ Toronto Pearson International

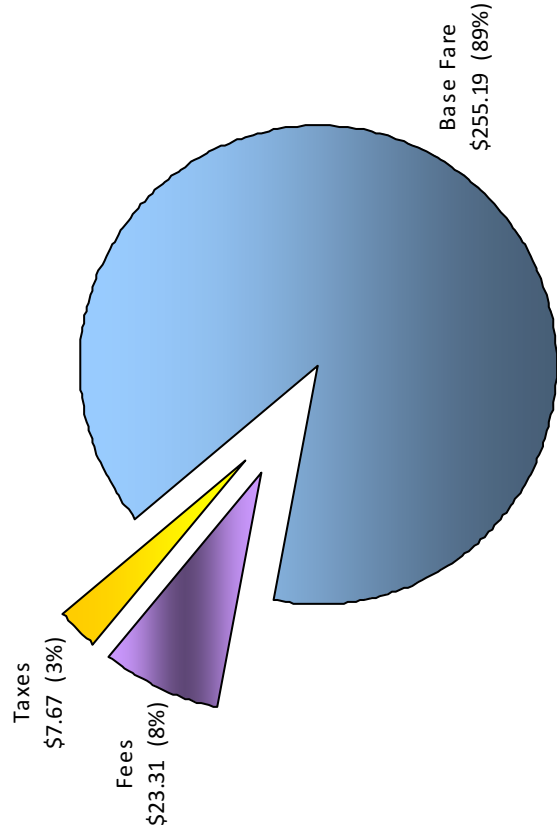
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Average of 3 Routes Departing 3 Canadian Airports to 3 US Cities
(Canadian Dollars)



Average of 3 Routes Departing US Border Airports to Same US Points
(Canadian Dollars)



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INTERPRETATION

Of the three routes studied, on average, roundtrip routings originating from USA border airports versus corresponding roundtrip routings from Canadian airports had:

- CAD \$97.25 less fees and taxes per ticket (-75.8%), broken down as follows:
 - o CAD \$45.09 less fees per ticket (-65.9%)
 - o CAD \$52.16 less taxes per ticket (-87.2%)
- CAD \$193.81 less base airfare per ticket (-43.2%)
- CAD \$291.05 less total price (base airfare + fees + taxes) per ticket (-50.4%)

Of the three routes, the best originating USA border city value was BUF-DCA-BUF. In comparison to the corresponding Canadian origin routing of YYZ-DCA-YYZ, the BUF routing represented:

- CAD \$108.92 less fees and taxes per ticket (-83.1%)
- CAD \$223.96 less base airfare per ticket (-52.1%)
- CAD \$332.89 less total price (base airfare + fees + taxes) per ticket (-59.3%)

Fees plus taxes on the roundtrip routings, as a percentage of the base airfare, represented on average:

- 28.6% for routings originating in Canada
- 12.1% for routings originating in the United States

On average, air distances (great circle kilometres) between the USA border city airports and the corresponding Canadian airports, were:

- 82 km one-way
- 164 km roundtrip

On a sample roundtrip routing originating in Canada, YYZ-DCA-YYZ, of CAD \$131.20 in total fees and taxes:

- 60% (\$78.21) were Canadian, representing 18.2% of the base fare
- 40% (\$52.89) were American, representing 12.3% of the base fare
 - o Of the American fees and taxes, \$12.40 were levied due the flight originating outside the USA (Agriculture & Immigration)