

# STIKEMAN ELLIOTT

Stikeman Elliott LLP Barristers & Solicitors

5300 Commerce Court West, 199 Bay Street, Toronto, Canada M5L 1B9  
Tel: (416) 869-5500 Fax: (416) 947-0866 www.stikeman.com

Direct: (416) 869-5623  
Fax: (416) 861-0445  
E-mail: epillon@stikeman.com

**VIA E-MAIL**

February 3, 2005  
File No.: 021070-1365

Mr. Gary Smith  
Klein Lyons  
Suite 800, 415 Yonge Street  
Toronto, Ontario  
M5B 2E7

Mr. David A. Klein  
Klein Lyons  
Suite 1100, 1333 West Broadway  
Vancouver, B.C.  
V6H 4C1

Dear Sirs:

**Re: Re: Interline Travel  
Claim Nos. 1-006334, 1-006337, 1-006340,  
1-006345 and 1-006364 (the "Interline Travel Claims")**

I write to confirm the terms of the resolution of the Interline Travel Claims as follows:

- (a) the aggregate value of the Interline Travel Claims shall be set at Cdn. \$5 million, inclusive of all capital, interest, legal costs and costs of administering the Claim and distribution of shares;
- (b) the Monitor shall acknowledge the terms of this resolution and the aggregate value of the Interline Travel Claims outlined above;
- (c) the necessary shares to satisfy the Interline Travel Claims shall be transferred to Klein Lyons in trust. The Claimants, through their counsel will be responsible for obtaining, at their own cost the directions and/or Court Orders as they deem necessary and appropriate to administer this resolution and distribute the shares. Any motions shall be on notice to Air Canada; and

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- (d) the resolution of the Interline Travel Claims for purposes of the CCAA Proceedings, is without prejudice to the parties' positions regarding whether or not the pass travel policies are revocable privileges and/or vested rights.

Please acknowledge the terms of this resolution below.

Yours truly,



Elizabeth Pillon

I David Klein, counsel for the Claimants in the Interline Travel Claims, acknowledge the terms of the resolution of the Interline Travel Claims in the terms outlined above.

Dated at                      this            day of February, 2005.

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David Klein

EP/ym

c.c.    Louise-Hélène Sénécal  
         Sean Dunphy  
         Glenn Zacher  
         Monique Jilesen  
         Sharon Hamilton