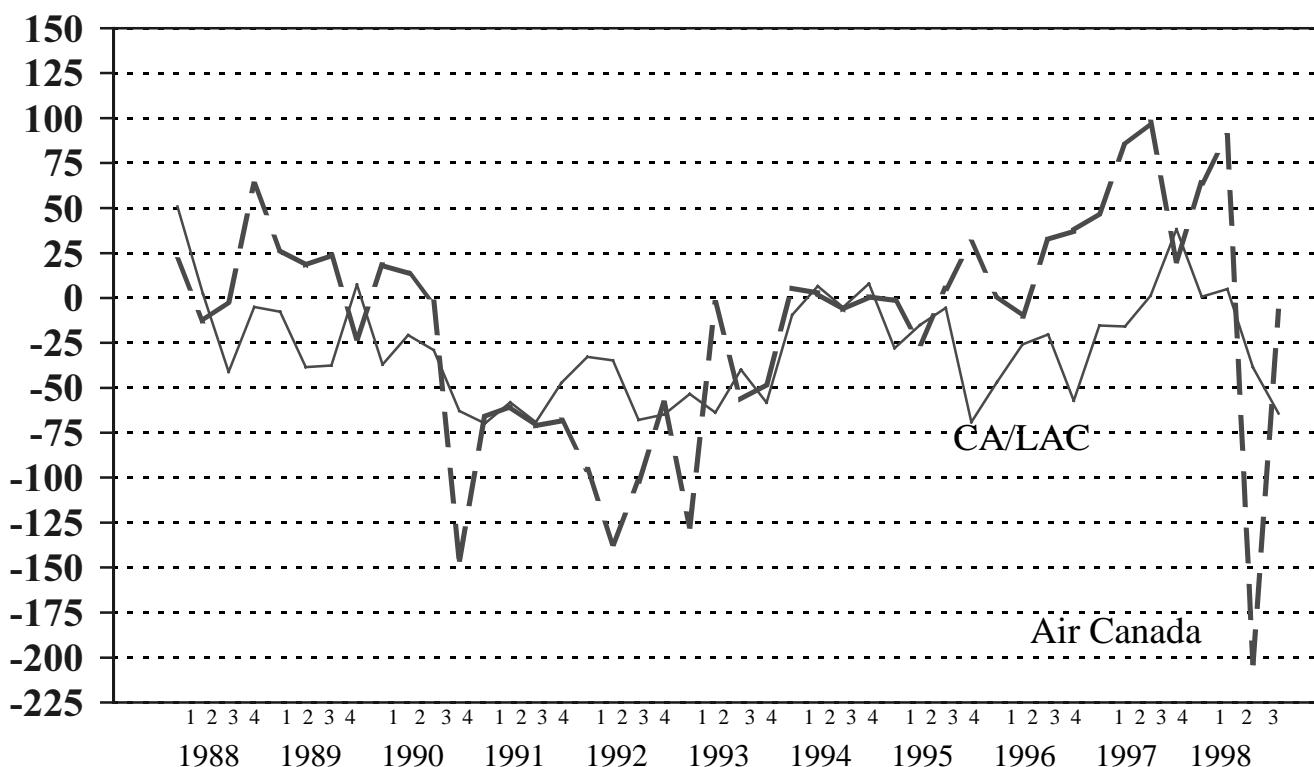


Air Canada reported a basic loss of \$8 million in the fourth quarter of 1998 (seasonally adjusted). Basic income or loss is measured by combining the operating income, (before capital gains, miscellaneous items and tax) with interest expenses and interest income. Air Canada had reported a loss of roughly \$200 million in the third quarter of 1998. The company noted that they experienced a pilot strike during the month of September 1998, but that income had deteriorated since the record third quarter of 1997 anyway. Prior to the third quarter of 1998, Air Canada had reported eight consecutive quarters of basic incomes, averaging \$60 million per quarter. Canadian Airlines reported a basic loss of \$64 million in the fourth quarter of 1998 (seasonally adjusted). Prior to the third quarter of 1998, Canadian Airlines had reported four consecutive quarters in which their seasonally adjusted basic income did not go below zero.

Figure 1.1

Seasonally Adjusted Basic Income Data (quarterly) for Air Canada and Canadian Airlines (CA)

\$millions/millions\$



For more information, please contact Robert Lund
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