



AIR CANADA

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Air Canada Reprices U.S.\$1.1 Billion Credit Facility

MONTREAL, June 2, 2017 /CNW/ - Air Canada announced today that it has completed the repricing of its U.S.\$1.1 billion senior secured credit facility, reducing the interest rate by 50 basis points, to an interest rate of 225 basis points over LIBOR (subject to a LIBOR floor of 75 basis points). The credit facility is comprised of a U.S.\$800 million term loan maturing in 2023, and a U.S.\$300 million revolving credit facility (undrawn) expiring in 2021.

The completion of the repricing transaction follows last week's announcement by Moody's Investors Service, Inc. of its upgrade of Air Canada's corporate family rating to Ba3 from B1. Air Canada is currently assigned a BB- (or equivalent) corporate rating from Moody's, Standard & Poor's and Fitch rating agencies.

"This repricing transaction, together with Moody's recent upgrade of Air Canada's corporate family rating to Ba3, reflects Air Canada's progress and focus on improving our balance sheet. We expect to realize annualized interest expense savings of more than C\$5 million over the remaining life of the term loan," concluded Michael Rousseau, Executive Vice-President and Chief Financial Officer.

Canadian dollar figures identified in this news release are based on an exchange rate of C\$1.00 equal to U.S.\$0.7407. Air Canada's obligations under the credit facility are senior secured obligations of Air Canada, secured on a first lien basis, subject to certain permitted liens and exclusions, by certain real estate interests, ground service equipment, certain airport slots and gate leaseholds, and certain Pacific routes and the airport slots and gate leaseholds utilized in connection with these Pacific routes.

About Air Canada

Air Canada is Canada's largest domestic and international airline serving more than 200 airports on six continents. Canada's flag carrier is among the 20 largest airlines in the world and in 2016 served close to 45 million customers. Air Canada provides scheduled passenger service directly to 63 airports in Canada, 57 in the United States and 93 in Europe, the Middle East, Africa, Asia, Australia, the Caribbean, Mexico, Central America and South America. Air Canada is a founding member of Star Alliance, the world's most comprehensive air transportation network serving 1,300 airports in 190 countries. Air Canada is the only international network carrier in North America to receive a Four-Star ranking according to independent U.K. research firm Skytrax. For more information, please visit: www.aircanada.com, follow @AirCanada on Twitter and join Air Canada on Facebook.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release includes forward-looking statements within the meaning of applicable securities laws. Forward-looking statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to preliminary results, guidance, strategies, expectations, planned operations or future actions. Forward-looking statements are identified by the use of terms and phrases such as "preliminary", "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions.

Forward-looking statements, by their nature, are based on assumptions, including those described herein and are subject to important risks and uncertainties. Forward-looking statements cannot be relied upon due to, amongst other things, changing external events and general uncertainties of the business. Actual results may differ materially from results indicated in forward-looking statements due to a number of factors, including without limitation, those identified throughout this news release and those identified in section 17 "Risk Factors" of Air Canada's 2016 MD&A dated February 17, 2017 and section 12 of Air Canada's First Quarter 2017 MD&A dated May 5, 2017.

In particular, ratings by ratings organizations are intended to provide investors with an independent view of credit quality. They are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. Each rating should be evaluated independently of any other rating. In addition, Air Canada's interest expense is dependent on a number of factors, risks and uncertainties, including fluctuations in interest rates and the Canada-U.S. dollar exchange rate, both of which have varied significantly over the last several years and may continue to fluctuate.

The forward-looking statements contained in this news release represent Air Canada's expectations as of the date of this news release (or as of the date they are otherwise stated to be made), and are subject to change after such date. However, Air

Canada disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

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SOURCE Air Canada

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