



AIR CANADA

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Air Canada Announces Pricing of Private Offering of Enhanced Equipment Trust Certificates

U.S.\$ 400,108,000 of 3.300 % Air Canada Pass Through Certificates, Series 2017-1, Class AA

U.S.\$ 172,198,000 of 3.550 % Air Canada Pass Through Certificates, Series 2017-1, Class A

U.S.\$ 146,875,000 of 3.700 % Air Canada Pass Through Certificates, Series 2017-1, Class B

MONTREAL, Dec. 8, 2017 /CNW Telbec/ - Air Canada announced today the pricing of a private offering of three tranches of enhanced equipment trust certificates (the "Certificates"). The three tranches of certificates have a combined aggregate face amount of U.S. \$719,181,000 and a weighted average interest rate of 3.422%.

The private offering is comprised of Class AA Certificates, Class A Certificates and Class B Certificates. The Class AA Certificates will have an interest rate of 3.300% per annum and a final expected distribution date of January 15, 2030. The Class A Certificates will have an interest rate of 3.550% per annum and a final expected distribution date of January 15, 2030. The Class B Certificates will have an interest rate of 3.700% per annum and a final expected distribution date of January 15, 2026.

"Our latest EETC offering was once again very well received by the institutional investors to whom it was directed, with each of the Class AA, Class A and Class B tranches rated 'Investment Grade' by the rating agencies," said Michael Rousseau, Executive Vice President and Chief Financial Officer. "This fourth offering allows Air Canada to finance the acquisition of four new Boeing 787-9 and nine new Boeing 737 MAX-8 aircraft at very competitive terms. The weighted average interest rate of 3.422% and the 1.105% margin over the matched maturity benchmark U.S. Treasury yield both represent the lowest of the four EETC offerings Air Canada has conducted over the last four and half years, and brings the total amount raised under our EETC financings to nearly U.S.\$3 billion. We are very pleased with the offering's reception which we believe reflects positively on our continued success in executing on the airline's strategy for sustainable, profitable growth."

Each class of Certificates will represent an interest in a related pass through trust. The trusts will use the proceeds from the offering to acquire equipment notes to be issued by Air Canada and secured by four new Boeing 787-9 aircraft and nine new Boeing 737 MAX-8 aircraft, which are scheduled for delivery in 2018. The security interest in each of the aircraft will benefit from the protections of the Cape Town Convention on International Interests in Mobile Equipment and the Protocol thereto on Matters Specific to Aircraft Equipment, as enacted in Canada. Air Canada will use the proceeds from the sale of the equipment notes to finance the acquisition of these new aircraft.

The offering is expected to close on December 21, 2017, subject to customary closing conditions. The Certificates will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and state securities laws. The Certificates will be offered and sold only to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act, and to persons other than U.S. persons in transactions outside the United States in reliance on Regulation S under the Securities Act.

The Certificates will not be qualified for sale to the public under applicable Canadian securities laws and, accordingly, any offer and sale of the Certificates in Canada will be made on a basis that is exempt from the prospectus requirement of such securities laws.

This press release shall not constitute an offer to sell the Certificates or the solicitation of an offer to buy the Certificates, nor will there be any sale of the Certificates, in any state or jurisdiction where such offer, solicitation or sale is not permitted. The Certificates will be offered only through a preliminary and final offering memorandum and this press release is not intended to serve as the basis for any investment decision.

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 64 airports in Canada, 60 in the United States and 98 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 191 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, which also named Air Canada the 2017 Best Airline in North America. For more information, please visit: www.aircanada.com/media, follow @AirCanada on Twitter and join Air Canada on Facebook.

Caution Regarding Forward-Looking Information

Air Canada's public communications may include forward-looking statements within the meaning of applicable securities laws. Forward-looking statements, by their nature, are based on assumptions 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, industry, market, credit and economic conditions, the ability to reduce operating costs and secure financing, energy prices, currency exchange and interest rates, competition, employee and labour relations, pension issues, war, terrorist acts, epidemic diseases, environmental factors (including weather systems and other natural phenomena and factors arising from man-made sources), insurance issues and costs, changes in demand due to the seasonal nature of the business, supply issues, changes in laws, regulatory developments or proceedings, pending and future litigation and actions by third parties as well as the factors identified throughout Air Canada's public disclosure file available at www.sedar.com. In addition, the closing of the offering of Certificates is subject to general market and other conditions and there are no assurances that the proposed offering will be completed or that the terms of the offering will not be modified. Any forward-looking statements contained in this news release represent Air Canada's expectations as of the date of this news release 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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