



AIR CANADA

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Air Canada Announces the Pricing of a Canadian Dollar Private Offering of Enhanced Equipment Trust Certificates

- CAD\$237,740,000 of 3.67% Air Canada Pass Through Certificates, Series 2018-1, Class A
- CAD\$63,679,000 of 4.19% Air Canada Pass Through Certificates, Series 2018-1, Class B

MONTREAL, Feb. 26, 2018 /CNW Telbec/ - Air Canada announced today the pricing of a private offering of two tranches of enhanced equipment trust certificates (the "Certificates") denominated in Canadian dollars. The two tranches of Certificates, which have been rated, have a combined aggregate face amount of approximately \$301 million and a weighted average interest rate of 3.76%.

The private offering is comprised of Class A certificates and Class B certificates. The Class A certificates will have an interest rate of 3.67% per annum and the Class B certificates will have an interest rate of 4.19% per annum.

"This Canadian dollar private offering of Enhanced Equipment Trust Certificates has terms and conditions comparable to our U.S. dollar 2017-1 Series EETC transaction," said Michael Rousseau, Executive Vice President and Chief Financial Officer. "Our ability to conclude an EETC transaction in Canadian dollars is an important development for us as it represents new opportunities for future aircraft financings and contributes to lowering the overall cost of debt and risk profile of the company."

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 one new Boeing 787-9 aircraft and four new Boeing 737 MAX-8 aircraft, which are scheduled for delivery in April and May 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.

A definitive certificate purchase agreement in connection with the offering is expected to be entered into the week of March 5, 2018 with purchasers of the Certificates, subject to satisfaction of customary conditions. The funding dates for both tranches of Certificates are scheduled for April 30, 2018 and May 31, 2018 for aggregate face amounts of approximately \$87 million and \$214 million, respectively. The closing of each funding and issuance of Certificates on the applicable funding date is 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 "accredited investors" (as defined 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.

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 2017 served close to 48 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, 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, our ability to successfully achieve or sustain positive net profitability or to realize our initiatives and objectives, industry, market, credit, economic and geopolitical conditions, energy prices, currency exchange, competition, our dependence on technology, cybersecurity risks, our ability to pay our indebtedness and secure financing, our ability to successfully implement appropriate strategic initiatives or reduce operating costs, war, terrorist acts, epidemic diseases, airport user and related fees, high levels of fixed costs, liquidity, our dependence on key suppliers including regional carriers and Aimia Canada Inc., our success in transitioning from the Aeroplan program and launching our new loyalty program, casualty losses, employee and labour relations and costs, our ability to preserve and grow our brand, pension issues, environmental factors (including weather systems and other natural phenomena and factors arising from man-made sources), limitations due to restrictive covenants, insurance issues and costs, our dependence on Star Alliance, interruptions of service, changes in laws, regulatory developments or proceedings, pending and future litigation and actions by third parties and our ability to attract and retain required personnel, as well as the factors identified in Air Canada's public disclosure file available at www.sedar.com. In addition, the closing of each funding and issuance of Certificates is subject to general market and other conditions and there are no assurances that the proposed issuances of Certificates 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 because of new information, future events or otherwise, except as required under applicable securities regulations.

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