



AIR CANADA

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Air Canada Announces Closing of Offering of Shares

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MONTREAL, Dec. 30, 2020 /CNW Telbec/ - Air Canada (TSX: AC) (the "Company") announced today the closing of its previously announced overnight marketed public offering of 35,420,000 Class A Variable Voting Shares and/or Class B Voting Shares of the Company ("Shares") at a price to the public of C\$24.00 per Share, for aggregate gross proceeds of approximately C\$850 million (the "Offering").

The Company has granted the underwriters an option to purchase up to an additional 15% of the Shares in the Offering, exercisable in whole or in part at any time until 30 days after the date hereof.

The Company will use the net proceeds from the Offering to supplement the Company's working capital and for other general corporate purposes. The net proceeds from the Offering will serve to increase Air Canada's cash position, thereby allowing for additional flexibility both from an operational standpoint and in the implementation of its planned mitigation and recovery measures in response to the COVID-19 pandemic.

TD Securities Inc., J.P. Morgan Securities Canada Inc., Citigroup Global Markets Canada Inc. and Morgan Stanley Canada Limited are acting as active joint book-running managers for the Offering.

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 guidance, strategies, expectations, planned operations or future actions, the Company's expectations with respect to the expected use of proceeds from the Offering and the exercise by the underwriters of their option to purchase up to an additional 15% of the Shares in the Offering. Forward-looking statements are identified using 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, among 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 those discussed below.

Air Canada, along with the rest of the global airline industry, is facing a severe and abrupt drop in traffic and a corresponding decline in revenue and cash flows as a result of the COVID-19 pandemic and the travel restrictions imposed in many countries around the world, and particularly in Canada. The impact of the COVID-19 pandemic began to be felt in traffic and sales figures commencing in early March 2020. These impacts include drastic declines in earnings and cash flow from operations. There is very limited visibility on travel demand given changing government restrictions in place around the world and the severity of the restrictions in Canada; these restrictions and concerns about travel due to the COVID-19 pandemic as well as passenger concerns and expectations about the need for certain precautions, such as physical distancing, are severely inhibiting demand. The COVID-19 pandemic is also having significant economic impacts, including on business and consumer spending, which may in turn significantly impact demand for travel. Air Canada cannot predict the full impact or the timing for when conditions may improve. Air Canada is actively monitoring the situation and will respond as the impact of the COVID-19 pandemic evolves, which will depend on a number of factors including the course of the virus, availability of rapid, effective testing, vaccinations and effective treatments for the virus, government actions, and passenger reaction, as well as timing of a recovery in international and business travel which are important segments of Air Canada's markets, none of which can be predicted with any degree of certainty.

Other factors which may cause results to differ materially from results indicated in forward-looking statements include those factors identified in Air Canada's public disclosure file available at www.sedar.com and, in particular, those identified in section 14 "Risk Factors" of Air Canada's Third Quarter 2020 MD&A and section 20 "Risk Factors" of Air Canada's 2019 MD&A. 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 because of new information,

future events or otherwise, except as required under applicable securities regulations.

About Air Canada

Air Canada is Canada's largest domestic and international airline. Canada's flag carrier is among the 20 largest airlines in the world and in 2019 served over 51 million customers. Air Canada is a founding member of Star Alliance, the world's most comprehensive air transportation network. 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 2019 Best Airline in North America.

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