



AIR CANADA

[News Releases](#)

Air Canada Implements Additional Capacity and Workforce Reductions

- *First quarter planned system capacity further reduced by 25 per cent due to new pre-departure testing requirements, provincial lockdowns and travel restrictions*
- *1700 employees affected*

MONTREAL, January 13, 2021 – Air Canada announced today it is adjusting its network under its COVID-19 Mitigation and Recovery Plan by further reducing first quarter system capacity by an additional 25 per cent. As a result of these system-wide changes, there will be a workforce reduction of approximately 1700 employees, in addition to the over 200 impacted employees at its Express carriers. The airline is working with its unions on mitigation programs.

“Since the implementation by the Federal and Provincial Governments of these increased travel restrictions and other measures, in addition to the existing quarantine requirements, we have seen an immediate impact to our close-in bookings and have made the difficult but necessary decision to further adjust our schedule and rationalize our transborder, Caribbean and domestic routes to better reflect expected demand and to reduce cash burn. We regret the impact these difficult decisions will have on our employees who have worked very hard during the pandemic looking after our customers, as well as on the affected communities,” said Lucie Guillemette, Executive Vice President and Chief Commercial Officer at Air Canada.

“While this is not the news we were hoping to announce this early into the year, we are nonetheless encouraged that Health Canada has already approved two vaccines and that the Government of Canada expects the vast majority of eligible Canadians to be vaccinated by September. We look forward to seeing our business start to return to normal and to bringing back some of our more than 20,000 employees currently on furlough and layoff,” concluded Ms. Guillemette.

Air Canada will be reducing approximately 25 per cent of its planned capacity for the balance of the first quarter of 2021. With this reduction, capacity in the first quarter of 2021 will be about 20 per cent of what Air Canada operated in the first quarter of 2019.

Air Canada will continue to evaluate and adjust its route network as required in response to the trajectory of the pandemic, government-imposed travel restrictions and quarantines, and to market and regulatory conditions.

Affected customers on all routes will be contacted by Air Canada and offered options, including refunds for eligible customers and alternative routings where available.

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. 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 as a result of the COVID-19 pandemic and the travel restrictions imposed in many countries around the world, and particularly in Canada as well as the United States. 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 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 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, 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 market, 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 our ability to successfully achieve or sustain positive net profitability, economic and geopolitical conditions, our ability to pay our indebtedness and maintain liquidity, industry and market conditions and the demand environment, competition, the timing and conditions of the return to service of Boeing 737 MAX aircraft into our fleet (including the introduction of those on order and the management of our fleet and operations until their return to service or introduction), energy prices, our dependence on technology, our ability to successfully implement appropriate strategic and other important initiatives (including our ability to reduce operating costs), cybersecurity risks, war, terrorist acts, other epidemic diseases, our dependence on key suppliers, casualty losses, changes in laws, regulatory developments or proceedings, our ability to successfully launch and operate our new loyalty program, climate change and environmental factors (including weather systems and other natural phenomena and factors arising from man-made sources), interruptions of service, our dependence on regional and other carriers, our ability to preserve and grow our brand, employee and labour relations and costs, our dependence on Star Alliance and joint ventures, limitations due to restrictive covenants, pending and future litigation and actions by third parties, currency exchange, pension plans, our ability to attract and retain required personnel, insurance issues and costs, as well as the 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 or incorporated by reference 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, and in 2020 was among the top 20 largest airlines in the world. It is Canada's flag carrier and 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. In 2020, Air Canada was named Global Traveler's Best Airline in North America received for second straight year. For more information, please visit: aircanada.com/media, follow Air Canada on [Twitter](#) and [LinkedIn](#), and join Air Canada on [Facebook](#).

- 30 -

Contacts: media@aircanada.ca

Internet: aircanada.com/media

Sign up for Air Canada news: aircanada.com

Media Resources:

[Photos](#)

[Videos](#)

[B-Roll](#)

[Articles](#)

A STAR ALLIANCE MEMBER

