



# AIR CANADA

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# Air Canada announces Memorandum of Understanding with one of its principal credit card processors

MONTREAL, May 25 /CNW Telbec/ - Air Canada has entered into a Memorandum of Understanding (MOU) with one of its principal credit card processors whereby the parties have agreed to amend certain credit card processing agreements under which the level of unrestricted cash required to be maintained by Air Canada is reduced and Air Canada provides the processor with security to be accumulated over a certain period of time.

"The agreement negotiated by Air Canada and one of its principal credit card processors is an important step in providing financial stability for our company during this challenging period," said Calin Rovinescu, President and Chief Executive Officer of Air Canada. "In the immediate term, obtaining a funding moratorium on our pension payments remains the critical priority. We continue to work on this and other initiatives with our unions. Moreover, we are in discussions with several potential lenders regarding additional financing, which will likely require labour stability as a condition to any advance. With the cooperation of our various stakeholders, I am confident we can achieve stability."

The MOU provides that the level of unrestricted cash required in order to avoid Air Canada having to provide the processor with additional cash deposits is now reduced to \$800 million. Should Air Canada maintain unrestricted cash of more than \$1.2 billion for two consecutive months, the amount of unrestricted cash required increases to \$1.1 billion. In the event that the required level of unrestricted cash is increased, the processor will return all security to Air Canada.

Certain amendments contained in the MOU are conditional upon the parties concluding formal documentation. In the event that such documentation is not completed by June 15, 2009, the parties will revert to the original terms of the credit card processing agreements.

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

Air Canada's public communications may include written or oral 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. Any forecasts or forward-looking predictions or 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, pension issues, energy prices, currency exchange and interest rates, employee and labour relations, competition, war, terrorist acts, epidemic diseases, 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](http://www.sedar.com). The 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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For further information:

For further information: Isabelle Arthur (Montréal), (514) 422-5788;  
Peter Fitzpatrick (Toronto), (416) 263-5576; Angela Mah (Vancouver), (604) 270-5741; [aircanada.com](http://aircanada.com)

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