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## **Air Canada announces \$260 million bought deal offering of units**

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MONTREAL, Oct. 6 /CNW Telbec/ - Air Canada (the "Company") is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by Genuity Capital Markets and TD Securities Inc. (the "Underwriters") to purchase 160,500,000 units (the "Units") from Air Canada at a price per Unit of C\$1.62 for aggregate gross proceeds of C\$260,010,000.

Each Unit is to be comprised of one Class B Voting Share or one Class A Variable Voting Share (the "Shares") and one-half of one share purchase warrant (each whole share purchase warrant, a "Warrant"). Each Warrant will entitle the holder thereof to acquire one Share at an exercise price of C\$2.20 per Share (the "Exercise Price") at any time prior to 5:00 p.m. (Toronto time) on the date that is 36 months after the closing date of the Offer.

The Underwriters will have an option to purchase additional Shares and/or Warrants representing, in aggregate, 15% of the Offer, exercisable in whole or in part at any time until 30 days after closing. The aggregate number of additional Shares and Warrants to be issued under the Over-Allotment Option shall not exceed 24,075,000 Shares and 12,037,500 Warrants.

In the event that, prior to the time of expiry of the Warrants, the 20-day volume weighted average price of the Class B Voting Shares on the TSX is equal to or greater than C\$4.00 or, the 20-day volume weighted average price of the Class A Variable Voting Shares on the TSX is equal to or greater than C\$.4.00 (each an "Acceleration Event"), the Company shall have the right, at its option, within ten (10) business days after any such Acceleration Event, to accelerate the time of expiry of the Warrants upon 30 days notice.

The Offering is subject to receipt of all necessary regulatory and stock exchange approvals.

Net proceeds of the offering will be used for working capital and general corporate purposes. Closing is expected on or about October 27, 2009.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

Class B Voting Shares may only be owned and controlled by Canadians. Any Class B Voting Share owned or controlled by a person who is not a Canadian is automatically converted to a Class A Variable Voting Share. Class A Variable Voting Shares may only be owned or controlled by persons who are not Canadians. Therefore, any Class A Variable Voting Share owned and controlled by a person who is a Canadian is automatically converted to a Class B Voting Share. Purchasers of the Units who are Canadians will receive Class B Voting Shares as the underlying security of the Unit and upon exercise of any Warrant. Purchasers of the Units who are not Canadians will receive Class A Variable Voting Shares as the underlying security of the Unit and upon exercise of any Warrant. "Canadian" is defined under subsection 55(1) of the Canada Transportation Act (Canada), as amended, as (i) "a Canadian citizen or a permanent resident within the meaning of subsection 2(1) of the Immigration and Refugee Protection Act (Canada), (ii) a government in Canada or an agent of such a government or (iii) a corporation or other entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least seventy-five per cent, or such lesser percentage as the Governor in Council may by regulation specify, of the voting interests are owned and controlled by Canadians".

### **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: 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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