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Air Canada concludes financing with GE Capital Corporation for US\$80 million; Series of agreements worth up to US\$195 million

MONTREAL, Dec. 24 /CNW Telbec/ - Air Canada today announced that it has concluded a series of agreements for secured financings with General Electric Capital Corporation (GECC) and its affiliates, providing the airline with up to US\$195 million (approximately C\$238 million).

Under the agreements, the amount of US\$80 million (approximately C\$98 million) was funded today as the first of two tranches of a loan agreement which would provide Air Canada with US\$155 million (approximately C\$190 million). The loan matures in 2014. The second tranche of the secured loan is expected to close and fund prior to the end of January 2009. Funding of the second tranche of the loan agreement, as well as retention of the funded first tranche, are subject to certain conditions, including conclusion of a sale and leaseback of one Boeing 777-300ER aircraft with GE Commercial Aviation Services (GECAS), a division of GECC.

This sale and leaseback for a lease term of 12 years will, upon conclusion, provide Air Canada with at least US\$40 million (approximately C\$48 million) of additional financing.

Full funding under all the agreements would provide Air Canada with financing of approximately US\$195 million (approximately C\$238 million).

These agreements represent additional steps in the implementation of Air Canada's strategy of improving its short term and longer term liquidity through both traditional and non-traditional means.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This disclosure may include forward-looking statements within the meaning of applicable securities laws. Forward-looking statements are based on assumptions, are subject to important risks and uncertainties and cannot be relied upon due to, amongst other things, changing external factors and general uncertainties of the business. Results indicated in forward-looking statements may differ materially from actual results due to a number of factors, including without limitation, energy prices, general industry, market, credit and economic conditions, currency exchange and interest rates, competition, war, terrorist acts, epidemic diseases, insurance issues and costs, changes in demand due to the seasonal nature of the business, the ability to reduce operating costs, employee and labour relations, pension issues, supply issues, changes in laws, regulatory developments or proceedings, pending and future litigation and actions by third parties, as well as the factors (including assumptions) identified in Air Canada's public disclosure file and accessible through SEDAR at www.sedar.com. Any forward-looking statements contained in this disclosure represent Air Canada's expectations as of the date of this disclosure and are subject to change after such date. 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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