



AIR CANADA

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AIR CANADA ADOPTS SHAREHOLDER RIGHTS PLAN

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MONTREAL, March 30 /CNW Telbec/ - Air Canada announced today that its Board of Directors (the "Board") has adopted a shareholder rights plan agreement (the "Plan") designed to foster fair treatment of all shareholders in connection with any take-over bid for Air Canada. The Plan has not been adopted in response to any proposal or intention to acquire control of Air Canada, nor is Air Canada aware of any such effort. While the Plan comes into effect immediately, it is subject to shareholder ratification within six months of its adoption. Air Canada will seek shareholder ratification of the Plan at the next annual and special shareholder meeting to be held on May 5, 2011. A summary of the principal terms of the Plan will be described in the management proxy circular to be sent to all shareholders prior to the meeting.

The Plan has been designed to give the Board and shareholders more time to fully consider any take-over bid and to provide the Board with more time to pursue, if appropriate, other alternatives to maximize shareholder value. Under the terms of the Plan, one right (a "Right") has been issued with respect to each Class B voting share and each Class A variable voting share (each a "Share") of Air Canada issued and outstanding as of the close of business on March 30, 2011; one Right will also be issued and will attach to each Share subsequently issued. These Rights would become exercisable only when a person, including any party related to it, acquires or announces its intention to acquire 20% or more of the outstanding Class A variable voting shares, or 20% or more of the outstanding Class B voting shares of Air Canada, without complying with the "Permitted Bid" provisions of the Plan or, in certain cases, without the approval of the Board.

To qualify as a "Permitted Bid" under the Plan, a bid must, among other things: (i) be made to all holders of Shares, (ii) remain open for a period of not less than 60 days, (iii) provide that no Shares shall be taken up unless more than 50% of the then outstanding Class A variable voting shares and Class B voting shares, on a combined basis, other than the Shares held by the person pursuing the acquisition and parties related to it, have been tendered and not withdrawn, and (iv) provide that if such 50% condition is satisfied, the bid will be extended for at least 10 business days to allow other shareholders to tender.

Following the occurrence of an event which triggers the right to exercise the Rights and subject to the terms and conditions of the Plan, each Right would entitle the holders thereof, other than the acquiring person or any related persons, to exercise their Rights and purchase Shares of Air Canada at a substantial discount to the market price at that time.

The Plan is scheduled to expire at the close of business on the date immediately following the date of Air Canada's annual meeting of shareholders to be held in **2014, unless terminated earlier in accordance with the terms of the Plan.**

The Rights Plan is similar to plans adopted by other Canadian companies and approved by their shareholders. A complete copy of the Plan will be filed on SEDAR.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This press 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 preliminary results, guidance, strategies, expectations, planned operations or future actions. Forward-looking statements are identified by the use of 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, 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, environmental factors (including weather systems and other natural phenomena and factors arising from man-made sources), 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 this news release and those

identified in section 18 "Risk Factors" of Air Canada's 2010 MD&A.

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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