

## **Air Canada Completes Refinancing Transaction exceeding C\$7.1 Billion**

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- C\$2.0 billion of 4.625% senior secured notes due 2029
- US\$1.2 billion of 3.875% senior secured notes due 2026
- US\$2.3 billion term loan B due 2028
- US\$600 million revolving credit facility due 2025

MONTREAL, Aug. 11, 2021 /CNW Telbec/ - Air Canada (TSX: AC) (the "Company") today announced the closing of its previously announced private offering (the "Senior Secured Notes Offering") of C\$2.0 billion of 4.625% senior secured notes due 2029 (the "Canadian Dollar Notes") and US\$1.2 billion of 3.875% senior secured notes due 2026 (the "US Dollar Notes", and together with the Canadian Dollar Notes, the "Notes"). Air Canada also announced today the closing of its previously announced US\$2.9 billion new senior secured credit facility, comprised of a US\$2.3 billion new term loan B maturing in 2028 (the "Term Loan"), together with a new undrawn US\$600 million revolving credit facility maturing in 2025 (the "Revolving Facility" and, together with the Term Loan, the "Senior Secured Credit Facilities")

Air Canada received aggregate gross proceeds of approximately C\$7.1 billion from the sale of the Notes and from the Senior Secured Credit Facilities. Air Canada applied the proceeds from the sale of the Canadian Dollar Notes, together with the proceeds from the Term Loan, to (i) satisfy and discharge all of the Company's outstanding C\$200 million aggregate principal amount of its 4.75% senior secured notes due 2023 and redeem all of the Company's outstanding C\$840 million aggregate principal amount of its 9.00% second lien notes due 2024, (ii) repay all of the Company's US\$1,178 million of indebtedness outstanding under the loan agreement dated as of October 6, 2016, which is comprised of a syndicated secured US dollar term loan B facility and a syndicated secured US dollar revolving credit facility and (iii) satisfy applicable transaction costs, fees and expenses. The balance of the proceeds are being retained for working capital and other general corporate purposes of Air Canada and its subsidiaries. The Revolving Facility is undrawn as of the date hereof, and any future borrowings thereunder are also intended to fund working capital and other general corporate purposes of Air Canada and its subsidiaries.

The Notes and Air Canada's obligations under the Senior Secured Credit Facilities are senior secured obligations of the Company, secured on a first-lien basis, subject to certain permitted liens, by certain collateral comprised of substantially all of the Company's international routes, airport slots and gate leaseholds.

The Notes were offered and sold on a private placement basis and were not offered by way of a prospectus in Canada. The Notes were offered to accredited investors in Canada. The Notes have not been, and will not be, registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws and may not be offered or sold in the

United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the rules promulgated thereunder and applicable state securities laws.

This press release does not constitute an offer to buy or sell or the solicitation of an offer to sell or buy any securities and shall not constitute an offer, solicitation or sale in the United States or in any other jurisdiction in which such an offer, solicitation or sale would be unlawful prior to the registration and qualification under the securities laws of such state or jurisdiction. The Senior Secured Notes Offering was made only by means of an offering memorandum.

TD Securities, Citi, J.P. Morgan, Barclays, BofA Securities, Credit Suisse and Morgan Stanley acted as joint book-running managers in respect of the Canadian Dollar Notes and BMO Capital Markets, CIBC Capital Markets, Deutsche Bank Securities, HSBC, National Bank Financial Markets, RBC Capital Markets and Scotiabank acted as co-managers in respect of the Canadian Dollar Notes. Citi, J.P. Morgan, TD Securities, Barclays, BofA Securities, Credit Suisse, Deutsche Bank Securities and Morgan Stanley acted as joint book-running managers in respect of the US Dollar Notes and BMO Capital Markets, CIBC Capital Markets, HSBC, National Bank of Canada Financial Markets, RBC Capital Markets and Scotiabank acted as co-managers in respect of the US Dollar Notes.

### **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, including the Company's expectations with respect to the expected use of proceeds from the Senior Secured Notes Offering and the Senior Secured Credit Facilities. 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 in this news release and any documents incorporated by reference 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 of Air Canada. 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 global airline industry, continues to face a severe drop in traffic and a corresponding decline in revenue and cash flows as a result of the COVID-19 pandemic and the travel restrictions imposed in many countries around the world, and particularly in Canada. There is limited visibility on travel demand given changing government restrictions in place around the world and the severity of the restrictions which have only recently begun to ease in Canada. Air Canada cannot predict the full impact or the timing for when conditions may 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, availability of rapid, effective testing, vaccinations and treatments for 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 markets, none of which can be predicted with certainty.*

*Other factors which may cause results to differ materially from results indicated in forward-looking statements include those factors identified in Air Canada's public disclosure file available at [www.sedar.com](http://www.sedar.com) and, in particular, those identified in section 17 "Risk Factors" of Air Canada's 2020 MD&A and in section 14 "Risk Factors" of Air Canada's Second Quarter 2021 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 2019 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 for the second straight year. In January 2021, Air Canada received APEX's Diamond Status Certification for the Air Canada CleanCare+ biosafety program for managing COVID-19, the only airline in Canada to attain the highest APEX ranking. Air Canada has also committed to a net zero emissions goal from all global operations by 2050.

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