

Air Canada to Purchase Bombardier C Series as Part of its Fleet Renewal Program

Agreement includes 45 firm orders plus options to purchase an additional 30 aircraft

MONTREAL, Feb. 17, 2016 /CNW Telbec/ - Air Canada today announced that it has entered into a Letter of Intent (LOI) with Bombardier Inc. for the acquisition of up to 75 Bombardier CS300 aircraft powered by Pratt & Whitney PurePower® PW1500G engines as part of its narrowbody fleet renewal plan. The LOI contemplates 45 firm orders plus options to purchase up to an additional 30 aircraft and includes substitution rights to CS100 aircraft in certain circumstances.

Deliveries are scheduled to begin in late 2019 and extend to 2022. The first 25 aircraft on delivery will replace Air Canada's existing mainline fleet of Embraer E190 aircraft, with the incremental aircraft supporting Air Canada's hub and network growth, creating one of the world's youngest, most fuel efficient airline fleets.

The C Series purchase is subject to completion of final documentation and satisfaction of certain other closing conditions precedent.

"We are delighted to announce this important agreement with Bombardier for the purchase of CS300 aircraft as part of the ongoing modernization of Air Canada's narrowbody fleet," said Calin Rovinescu, President and CEO of Air Canada. "With its high fuel efficiency performance and greater seating capacity, the next generation technology of the C Series is very well suited for our current and future network strategy and will be an extremely efficient addition to our fleet. The renewal of our North American narrowbody fleet with more capable and efficient aircraft is a key element of our ongoing cost transformation program - plus the enhanced passenger cabin comfort provided by the CS300 will help us to retain Air Canada's competitive position as the only Four-Star international network carrier in North America.

"The entry of the C Series into our fleet is expected to yield significant cost savings. We have estimated that the projected fuel burn and maintenance cost savings (on a per seat basis) of greater than 15 per cent should generate an estimated CASM reduction of approximately 10 per cent, when compared to the aircraft it will replace.

"Air Canada has a long history of collaboration with Bombardier. Air Canada Express regional partners operate one of the largest fleets of Bombardier aircraft in the world with a mix of over 135 regional jets and turboprop aircraft by December 31, 2016.

"We were one of the launch customers for the Canadair Regional Jet and today's announcement reflects our continued support for Canada's aerospace industry and for the new technologies the industry may develop. We fully expect the new technology of the C Series to efficiently meet the demanding needs of our current and future network strategy," concluded Mr. Rovinescu.

The acquisition of the C Series aircraft represents a key element of Air Canada's narrowbody fleet

renewal program and complements the acquisition of 61 Boeing 737 MAX aircraft announced in December 2013 to replace the larger end of the airline's mainline narrowbody fleet. The Boeing agreement provides for Boeing to purchase up to 20 of the 45 Embraer E190 aircraft in Air Canada's fleet and the first 25 C Series will replace the remaining E190s. Boeing 737 MAX deliveries are scheduled to begin in late 2017 and extend to 2021, while the C Series deliveries are scheduled to start in late 2019 and extend to 2022.

About Bombardier C Series aircraft

According to Bombardier, the C Series family of aircraft, representing the fusion of performance and technology, is a 100 per cent all-new design. By focusing on the 100- to 150-seat market segment, Bombardier has designed the C Series aircraft to deliver unparalleled economic advantage to operators and to open up new opportunities for single-aisle aircraft operations. By employing advanced materials, state-of-the-art technologies and advanced aerodynamics, combined with the groundbreaking Pratt & Whitney PurePower® PW1500G engine, the C Series aircraft is delivering a greater-than 10 per cent unit cost advantage compared to similarly-sized, re-engined aircraft. In addition to delivering best-in-class economics with the C Series aircraft, Bombardier has placed considerable emphasis on cabin design to ensure a superior passenger experience. The aircraft offers 19-inch-wide seats that set a new industry standard, large overhead bins that accommodate a carry-on bag for each passenger, and the largest windows in the single-aisle market. Together these attributes create a widebody feel that offers passengers an unparalleled level of comfort. All noise performance testing on the CS100 aircraft has been completed and data confirms it is the quietest in-production commercial jet in its class. The aircraft's noise performance and its outstanding short-field capability make it ideal for varied types of operations. The C Series aircraft's maximum range has also been confirmed to be up to 3,300 NM (6,112 km), some 350 NM (648 km) more than originally targeted.

About Air Canada

Air Canada is Canada's largest domestic and international airline serving more than 200 airports on six continents. Canada's flag carrier is among the 20 largest airlines in the world and in 2015 served more than 41 million customers. Air Canada provides scheduled passenger service directly to 63 airports in Canada, 56 in the United States and 86 in Europe, the Middle East, Africa, Asia, Australia, the Caribbean, Mexico, Central America and South America. Air Canada is a founding member of Star Alliance, the world's most comprehensive air transportation network serving 1,330 airports in 192 countries. 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. For more information, please visit: www.aircanada.com, follow @AirCanada on Twitter and join Air Canada on Facebook.

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 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, our ability to successfully achieve or sustain positive net profitability or to realize our initiatives and objectives, our ability to pay our indebtedness, reduce operating costs and secure financing, currency exchange, industry, market, credit, economic and geopolitical conditions, energy prices, competition, our ability to successfully implement strategic initiatives and our dependence on technology, war, terrorist acts, epidemic diseases, casualty losses, employee and labour relations, pension issues, environmental factors (including weather systems and other natural phenomena and factors arising from man-made sources), limitations due to restrictive covenants, insurance issues and costs, changes in demand due to the seasonal nature of the business, dependence on suppliers and third parties, including regional carriers, Aeroplan and the Star Alliance, changes in laws, regulatory developments or proceedings, pending and future litigation and actions by third parties and the ability to attract and retain required personnel, as well as the factors identified throughout this news release and those identified in section 17 "Risk Factors" of Air Canada's 2015 MD&A dated February 17, 2016. The forward-looking statements contained 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 as a result of new information, future events or otherwise, except as required under applicable securities regulations.

SOURCE Air Canada

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