



# AIR CANADA

News Release Archive

## **Air Canada Announces Pricing of Offering of Shares and Convertible Senior Notes**

/NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES/

MONTREAL, May 28, 2020 /CNW Telbec/ - Air Canada (TSX: AC) (the "Company") today announced that it has priced both its previously announced underwritten marketed public offering of 30,800,000 Class A Variable Voting Shares and/or Class B Voting Shares of the Company ("Shares") at a price to the public of C\$16.25 per Share (the "Share Offering"), for aggregate gross proceeds of C\$500,500,000 and its concurrent marketed private placement of convertible senior unsecured notes due 2025 ("Convertible Notes") for aggregate gross proceeds of US\$650,000,000 (the "Convertible Notes Offering" and together with the Share Offering, the "Offerings").

The Convertible Notes will bear interest semi-annually in arrears at a rate of 4.000% per annum and will mature on July 1, 2025, unless earlier repurchased, redeemed or converted. The initial conversion rate of the Convertible Notes is 65.1337 Shares per US\$1,000 principal amount of Convertible Notes, or an initial conversion price of approximately US\$15.35 per Share. The Convertible Notes will be convertible into cash, Class A Variable Voting Shares and/or Class B Voting Shares of the Company or a combination thereof, at the Company's election.

The Company has granted the underwriters of the Share Offering an option to purchase up to an additional 15% of the Shares in the Share Offering, exercisable in whole or in part at any time until 30 days after closing of the Share Offering, and has granted the initial purchasers of the Convertible Notes Offering an option to purchase up to an additional 15% of the Convertible Notes in the Convertible Notes Offering, exercisable in whole or in part at any time until 13 days after closing of the Convertible Notes Offering.

The Offerings are expected to close on or about June 2, 2020, subject to customary closing conditions.

The Company will use the net proceeds from the Offerings to supplement the Company's working capital and other general corporate purposes. The net proceeds from the Offerings will serve to increase Air Canada's cash position, thereby allowing for additional flexibility both from an operational standpoint and in the implementation of its planned mitigation and recovery measures in response to the COVID-19 pandemic.

The Shares offered in the Share Offering are being offered by way of a short-form prospectus in all provinces and territories of Canada and may also be offered in the United States to qualified institutional buyers pursuant to Rule 144A of the U.S. Securities Act of 1933 (the "Securities Act").

The Convertible Notes offered in the Convertible Notes Offering are being offered on a private placement basis and are not being offered by way of a prospectus in Canada.

The Shares offered in the Share Offering and the Convertible Notes and Class A Variable Voting Shares and/or Class B Voting Shares of the Company issuable upon conversion of the Convertible Notes have not been, and will not be, registered under 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. The Convertible Notes are offered to accredited investors in Canada and to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act.

TD Securities Inc., J.P. Morgan Securities Canada Inc. and Citigroup Global Markets Canada Inc. are acting as active bookrunners for the Share Offering. J.P. Morgan Securities LLC, TD Securities Inc. and Citigroup Global Markets Canada Inc. are acting as active bookrunners for the Convertible Notes Offering.

This press release does not constitute an offer to sell or a solicitation of an offer to buy the Shares or the Convertible Notes or any other 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 Convertible Notes Offering may be made only by means of an offering memorandum.

Copies of the final short-form prospectus relating to the Share Offering, when available, may be obtained from TD Securities Inc., TD Tower, 9th Floor, 66 Wellington Street West, Toronto, Ontario, M5K 1A2 (e-mail: [sdconfirms@td.com](mailto:sdconfirms@td.com)) or J.P. Morgan Securities Canada Inc., Suite 4500, TD Bank Tower, 66 Wellington Street West, Toronto, ON M5K 1E7 or by telephone: Canada Sales 416-981-9233. A copy of the final short-form prospectus, when available, can also be obtained under Air Canada's corporate profile on SEDAR at [www.sedar.com](http://www.sedar.com). There will not be any sale or any acceptance of an offer to buy the Shares until a receipt for the final short-form prospectus has been issued.

Class B Voting Shares of Air Canada 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 Shares who are Canadians will receive Class B Voting Shares. Purchasers of the Shares who are not Canadians will receive Class A Variable Voting Shares. The term "Canadian" is defined under subsection 55(1) of the *Canada Transportation Act* (Canada), as amended, as "(a) a Canadian citizen or a permanent resident as defined in subsection 2(1) of the *Immigration and Refugee Protection Act* (Canada), (b) a government in Canada or an agent or mandatary of such a government or (c) a corporation or 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 51% of the voting interests are owned and controlled by Canadians and where (i) no more than 25% of the voting interests are owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another person, and (ii) no more than 25% of the voting interests are owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another person".

#### **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

*This news release includes "forward-looking statements" within the meaning of applicable securities laws. Such forward-looking statements may be 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, the Company's expectations with respect to the completion of the Offerings and the expected use of proceeds therefrom. 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 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 those discussed below.*

*Air Canada, along with the rest of the global airline industry, is facing a severe and abrupt drop in traffic and a corresponding decline in revenue as a result of the coronavirus ("COVID-19") pandemic and the travel restrictions imposed in many countries around the world, including Canada and the United States. The impact of the COVID-19 pandemic began to be felt in traffic and sales figures commencing in early March 2020. These impacts include drastic declines in earnings and cash from operations. There is very limited visibility on travel demand given government restrictions in place; these restrictions and concerns about travel due to the COVID-19 virus and passenger expectations about the need for certain precautions, such as physical distancing, are severely inhibiting demand. Air Canada cannot predict the full impact or the timing for when conditions improve, but believes that the impact of the COVID-19 pandemic will last at least three years. 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, government actions, and passenger reaction, none of which can be predicted with any degree of certainty.*

*Other factors that 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 14 "Risk Factors" of Air Canada's First Quarter 2020 MD&A and section 20 "Risk Factors" of Air Canada's 2019 MD&A. Readers cannot be assured that the Offerings described above will be completed on the terms described above, or at all. 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 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. Canada's flag carrier is among the 20 largest

airlines in the world and in 2019 served over 51 million customers. Air Canada is 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, which also named Air Canada the 2019 Best Airline in North America. For more information, please visit: [aircanada.com/media](http://aircanada.com/media), follow @AirCanada on [Twitter](https://twitter.com/AirCanada) and join Air Canada on [Facebook](https://www.facebook.com/AirCanada).

**Internet:** [aircanada.com/media](http://aircanada.com/media)

**Sign up for Air Canada news:** [aircanada.com](http://aircanada.com)

**Media Resources:**

[Photos](#)

[Videos](#)

[Articles](#)

SOURCE Air Canada

For further information: [media@aircanada.ca](mailto:media@aircanada.ca)

---

<https://aircanada.mediaroom.com/2020-05-28-Air-Canada-Announces-Pricing-of-Offering-of-Shares-and-Convertible-Senior-Notes>

A STAR ALLIANCE MEMBER



**The only Four-Star  
international network  
carrier in North America**