AIR CANADA

News Releases

Air Canada to Launch Its Own Loyalty Program in 2020

Airline to end exclusive contract with Aeroplan provider Aimia

- Aeroplan members can continue to earn and redeem Aeroplan Miles
- Air Canada committed to business as usual through 2020, with smooth transition to new program
- Air Canada intends to continue to offer Aimia redemption seats post-2020
- Strengthening Air Canada customer relationships and service at core of decision

MONTREAL, May 11, 2017 /CNW Telbec/ - Air Canada today announced its decision to launch its own loyalty program in 2020 upon the expiry of its commercial agreement with Aimia, the operator of Aeroplan. Effective June 30, 2020, Aeroplan will no longer be the loyalty program for Air Canada. Aeroplan has been independently owned and operated by Aimia for almost a decade. By operating its own loyalty program, Air Canada will be better able to strengthen its customer relationships and deliver a more consistent end-to-end customer experience.

"Our relationship with our more than 45 million customers sits at the core of Air Canada's ongoing transformation as we continue to grow our business beyond the 200 destinations that we already serve, and work to become a global champion," said Calin Rovinescu, President and Chief Executive Officer. "This decision is the right one for our customers, our employees and our shareholders."

Creating a more rewarding loyalty program for our customers

"The new program, launching in 2020, will offer additional earning and redemption opportunities, more personalized service and a better digital experience for Air Canada customers," said Benjamin Smith, President, Passenger Airlines.

Over the past decade, Air Canada has invested $10 billion to renew its fleet with the most technologically-capable aircraft, and to elevate its product offering, including all-new seats, Wi-Fi connectivity, expanded and renovated Maple Leaf Lounges, increased digital capabilities and updated branding comprised of a new livery, new uniforms and much more to improve the travel experience.

"Similar to all of Air Canada's North American peers, by managing our own loyalty program, we will be able to take better care of our customers by making decisions in real time that address specific needs," added Mr. Smith. "We're excited to take this next step that delivers on our promise for continued investments in the customer experience."

The next three years

Air Canada's exclusive contract with Aimia remains in effect until its June 29, 2020 expiration date. Until then, Air Canada is committed to business as usual by working closely with Aimia with the objective of providing consistent service for Aeroplan members.

During this period, Aeroplan members can continue to earn and redeem miles in accordance with the Aeroplan program:

- Before the new Air Canada program launches in June 2020, members will be able to earn and redeem Aeroplan Miles for Aeroplan Rewards, including flights with Air Canada and our Star Alliance partners in accordance with the Aeroplan program.
- After June 2020, miles earned from Air Canada and Star Alliance flights will be credited to the new program, with customers able to redeem those miles for rewards including Air Canada and Star Alliance partner flights.
- Aeroplan miles earned up to June 2020 will stay in Aeroplan members' accounts, and will continue to be subject to the conditions of their program.
- Air Canada intends to continue to offer Aimia redemption seats for Aeroplan members after June 2020, with pricing competitive with other third-party rewards programs.
- The airline's most frequent flyers will continue to enjoy Air Canada Altitude status recognition and its associated range of travel privileges, based on their annual flight activities with Air Canada and the Star Alliance member airlines. All Million Mile program qualification activity and status will also be honoured in the new program.

- Air Canada intends to implement near-term improvements to Air Canada Altitude and other elements of the customer experience.

"Doing the right thing for Air Canada's customers throughout this transition period will be our guiding principle," said Mr. Rovinescu.

The new program is good for the airline's financial performance

The new Air Canada loyalty program will be focused on improved rewards and recognition for the airline's customers, and will provide Air Canada and our business partners with significant growth opportunities.

Air Canada will provide greater detail at its Investor Day on September 19, 2017 concerning the financial benefits expected to be realized, as well as the transitional costs.

Air Canada expects the net present value of the program repatriation over a 15-year period to exceed $2 billion.

Full information on the announcement and additional information for our customers can be found at **aircanada.com/loyalty**.

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 2016 served close to 45 million customers. Air Canada provides scheduled passenger service directly to 63 airports in Canada, 57 in the United States and 93 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 1,300 airports in 190 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, our plans regarding the launch of our new loyalty program and the value or benefits that we may derive from such program, 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, currency exchange, industry, market, credit, economic and geopolitical conditions, energy prices, competition, our ability to successfully implement appropriate strategic initiatives or reduce operating costs, our dependence on technology, cybersecurity risks, our ability to pay our indebtedness and secure financing, war, terrorist acts, epidemic diseases, our dependence on key suppliers including regional carriers and Aimia Inc., our ability to successfully transition from the Aeroplan program and to successfully launch and operate our new loyalty program, casualty losses, employee and labour relations and costs, our ability to preserve and grow our brand, 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, our dependence on the Star Alliance, interruptions of service, changes in laws, regulatory developments or proceedings, pending and future litigation and actions by third parties and our 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 2016 MD&A dated February 17, 2017 and section 12 of Air Canada's First Quarter 2017 MD&A dated May 5, 2017. The forward-looking statements contained in this news release represent Air Canada's expectations as of the date of this 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.

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